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# ***JPRS Report***

## **Soviet Union**

### ***Economic Affairs***

# Soviet Union

## Economic Affairs

JPRS-UEA-91-006

### CONTENTS

6 FEBRUARY 1991

#### NATIONAL ECONOMY

##### ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Shatalin Doubts Authorities' Ability To Resolve Social, Economic Crisis [S. Shatalin; KOMSOMOLSKAYA PRAVDA, 16 Jan 91]	1
Bunich: Leasing Needed for Economic Recovery [P. Bunich; RABOCHAYA TRIBUNA, 3 Jan 91]	4
Manager Describes 'Chaos' in Supply System [L. Pakhomenko; MOSKOVSKAYA PRAVDA, 18 Dec 90]	5
Gospriyemka, Pseudomarket Blamed for Supply Chaos [E. Mokhorov; RABOCHAYA TRIBUNA, 15 Jan 91]	7

##### INVESTMENT, PRICES, BUDGET, FINANCE

Gosplan Official Describes 1991 Forecasting, Plan [V. Bezrukov; EKONOMIKA I ZHIZN No 1, Jan 91]	10
--	----

##### INDUSTRIAL DEVELOPMENT, PERFORMANCE

Exhibit on Military Conversions Planned [V. Svirin; TRUD, 10 Jan 91]	12
--	----

#### REGIONAL ECONOMIC ISSUES

##### POLICY, ORGANIZATION

RSFSR Law on Social Development of Countryside	14
Text of Law [SOVETSKAYA ROSSIYA, 11 Jan 91]	14
Decree on Law's Implementation [SOVETSKAYA ROSSIYA, 11 Jan 91]	17
Lithuanian Law on Foundations of Social Security System [EKHO LITVY, 7 Nov 90]	17
Economist on Armenian Draft Economic Sovereignty Concept [S. Papyan; GOLOS ARMENII, 16 Nov 90]	19
Estonian Legislation on Privatization of State Enterprises	21
Text of Law [SOVETSKAYA ESTONIYA, 20 December 90]	21
Decree on Law's Implementation [SOVETSKAYA ESTONIYA, 20 Dec 90]	22
Ukrainian Decree on Unity of State Production, Service Orders [RADYANSKA UKRAYINA, 19 Oct 90]	23
Decree on Privatization of Leningrad Enterprises [LENINGRADSKAYA PRAVDA, 28 Dec 90]	23
Belorussian Decree on Transition to Market Economy [SOVETSKAYA BELORUSIYA, 17 Oct 90]	25
Ukrainian Decree on Abolition of State Acceptance of Production [PRAVDA UKRAINY, 21 Oct 90]	25
Kazakh Politburo Member on Center-Republic Relations [V. Shatskikh; KAZAKHSTANSKAYA PRAVDA, 15 Sep 90]	26
Kazakh Law Against Unauthorized Seizure of Properties [KAZAKHSTANSKAYA PRAVDA, 14 Dec 90]	28

##### INTERREGIONAL, FOREIGN TRADE

Text of Kazakh, RSFSR Cooperation Treaty [KAZAKHSTANSKAYA PRAVDA, 24 Nov 90]	29
Ukraine, Georgia Sign Economic Agreement [PRAVDA UKRAINY, 2 Dec 90]	32
Kirghizia, Georgia Sign Economic, Cultural Accord [SOVETSKAYA KIRGIZIYA, 14 Sep 90]	33
Armenian Resolution on Regulating Export of Consumer Goods [GOLOS ARMENII, 2 Nov 90]	34

Moldova Imposes Taxes on Exports to Other Regions of USSR [MOLDOVA SUVERANA, 27 Oct 90] .....	35
Moldovan Economics Minister on Interregional Economic Ties [K. Tampiza; TRUD, 3 Jan 91] ..	36
Disparate 1990 Price Increases for Ukrainian Consumer Items [RABOCHAYA GAZETA, 15 Nov 90] .....	37

## PRICES, BUDGET, FINANCES

Ukrainian Finance Minister on Republic's 1991 Budget [RADYANSKA UKRAYINA, 22 Dec 90] .....	37
Estonian Official Discusses Necessity of Price Increases [B. Vaynberg; SOVETSKAYA ESTONIYA, 12 Dec 90] .....	38

## CONSTRUCTION

### HOUSING CONSTRUCTION

Brick Plant Closing Threatens Troop, Other Housing [S. Volkov; SOVETSKAYA ROSSIYA, 11 Jan 91] .....	40
--	----

## CONSUMER GOODS, DOMESTIC TRADE

### FOOD PROCESSING, DISTRIBUTION

Stalled Cargoes Listed by Port [Ya. Shestopal; NEDELYA No 1, 1-6 Jan 91] .....	42
KGB Exposes Tea Hoarding at Tula Depot [S. Skorokhodov; SOVETSKAYA ROSSIYA, 11 Jan 91] .....	43
Higher Consumer Goods Prices in 1991 Reported .....	45
Report from Sverdlovsk [V. Pankratov; RABOCHAYA TRIBUNA, 9 Jan 91] .....	45
Report from Vilnius [S. Valyutskiy; RABOCHAYA TRIBUNA, 9 Jan 91] .....	45

### GOODS PRODUCTION, DISTRIBUTION

Domestic Electronics Industry Problems Noted [Yu. Bushuyev, V. Volkov; RABOCHAYA TRIBUNA, 15 Jan 91] .....	46
---	----

### HOUSING, PERSONAL SERVICES

New Association Tackles Housing Problem [V. Kudryavtsev; TRUD, 15 Jan 91] .....	48
---	----

### PERSONAL INCOME, SAVINGS

Income Differentials During Transition to Market Noted [L. Pronina; ARGUMENTY I FAKTY No 2, Jan 91] .....	51
RSFSR Income Tax Liability Figures Listed [ARGUMENTY I FAKTY No 2, Jan 91] .....	53
Belorussian Incomes To Be Indexed for Inflation [A. Kozlovich; LITERATURNAYA GAZETA, 9 Jan 91] .....	54

## ENERGY

### ENERGY COMPLEX ORGANIZATION

'Emergency Shutdown' at Chernobyl Reported [G. Dolzhenko; RABOCHAYA TRIBUNA 12 Jan 91] .....	55
Moldovan Energy Rate Increases Noted [F. Angeli; TRUD, 16 Jan 91] .....	55

## LABOR

Draft Legislation Addressing Unemployment Discussed [I. Kononova; SELSKAYA ZHIZN, 9 Jan 91] .....	56
Laws Needed To Protect Workers During Market Transition [V. Romanov, TRUD, 5 Jan 91] .....	57

Moldovan Union Leader on Workers' Legal Guarantees [G. Yeremey; TRUD, 9 Jan 91]	58
Poor Working Conditions in Vorkuta Coal Mines Discussed [Yu. Belyayev; SOVETSKAYA ROSSIYA, 8 Jan 91]	60
Metallurgical Industry Strike Prospects [I. Ostrovskiy; TRUD, 19 Jan 91]	62
Regulations on Social Security Payments Into USSR Pension Fund [TRUD, 5 Jan 91]	63
Role of Land Reform, Private Farms Viewed [N. Krasnoshchekov; PRAVDA 16 Jan 91]	65
Early Retirement for Select Jobs Approved [PRAVDA, 5 Jan 91]	67

## TRANSPORTATION

### CIVIL AVIATION

Civil Aviation Flight Test Center Visited [B. Sidorenko; VOZDUSHNYY TRANSPORT, 29 Dec 90]	68
Aeroflot Fuel Shortage Blamed on Delivery, Other Problems [V. Pushkarev; VOZDUSHNYY TRANSPORT, 22 Dec 90]	69

### MOTOR VEHICLES, HIGHWAYS

Steelworks' Supply Crisis Threatens Vehicle Plants [Ye. Orlov, V. Ilinets; Central Television First Program Network, 12 Jan 91]	70
--	----

### RAIL SYSTEMS

Rail Leaders on Stabilizing Work, Transfer to Market Economy [N. Davydov; GUDOK, 21 Dec 90]	71
--	----

### MARITIME AND RIVER FLEETS

Spent Nuclear Fuel Storage Facility Plans Scored [V. Blinov; VODNYY TRANSPORT, 15 Dec 90]	73
--	----



## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Shatalin Doubts Authorities' Ability To Resolve Social, Economic Crisis

91UN0732A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 16 Jan 91 p 2

[Article by Academician S. Shatalin: "I Would Like To  
Defend Myself Before the People..."]

[Text] The congresses of the Communist Party of the RSFSR and the 28th CPSU Congress and their subsequent plenums experimentally confirmed, generally speaking, the obvious theoretical hypothesis that radically altering the CPSU is impossible. Created originally as a "party of a particular type" for the "revolutionary" seizure of power (the Bolshevik wing) and command, monopoly control of the country, it is not reformable in depth. But it is precisely this—by definition, as the mathematicians say—which is needed.

Nor, to be frank, is much optimism inspired either by the congresses of people's deputies, the last one particularly, which was wholly akin to a "turbulent" CPSU Central Committee plenum.

As is known, Christ—in the wilderness, what is more—thrice resisted temptation. This is his greatness. We, however, our entire rag bag, "civil" society, live in a world of temptations and sacrilege, deception, and distorting mirrors. And for this reason—and there should be no illusions here—not only do we not wish to but, in my opinion, we cannot understand who we are, where we live, what we want, and whose interests we represent. The philosophy of plunder, social parasitism, dividing up and crude redistribution, parvenus, and plebeians—this has become the alpha and omega of our existence. We are living in a world of the disintegrating personality, unbridled passions, scorn for one another and an incomprehension of fundamental problems of the development of civilization and culture, outside of culture, essentially. We have flouted faith and we blaspheme, naively hoping that history may be fooled and rewritten in accordance with our wishes. It was about us that Christ, on the cross, spoke his heart-rending words: "Forgive them, Lord, for they know not what they do."

The most profound crisis in which our society finds itself now began, of course, not in April 1985 and not in the "stagnation" period. Persuading ourselves of this, we are once again being subjected to temptation and losing the real ground beneath our feet, attempting to ascertain how we came to be in such a pit and how to climb out of it, naively supposing that this is altogether possible within the framework of the existing social and political system. It should be firmly understood, for this is axiomatic, that the crisis began in October 1917. Without understanding this, we are doomed. Today we can still have second thoughts, tomorrow—no. People may take issue with me here, saying that, following Berdyayev, we

need to look for the sources of the crisis in Belinskiy even. Perhaps so, although I really do not want such historical depth.

In evaluating October the worst thing is to find oneself captive to political and ideological banality and pagan attempts, as irresponsible as they are ignorant, to demand a roll-call vote in the search for culprits. This is an ostensibly objective path, but is, in fact, an absolutely superficial, destructive, and pagan path, a path of general vendetta. It is wholly devoid of historical method and is another temptation. It is irrational and nonoperational regarding it in the following terms: Was October a mistake or a crime. It is better to calmly recognize that it would have been better had it not occurred and to overcome it constructively. Evil may be conquered only by good. "Democrats," do not forget this.

I shall be giving away no secret, I believe, if I say that what in our country is called the Great October Socialist Revolution historians of the world called the "October coup" or the "October adventure of Lenin and Trotskiy." It is not, of course, a question of names. But it is difficult even without this to make a more or less objective evaluation of an event whose accomplishment brought us to an historical impasse by no means on account of the moral level or narrowly selfish motivations of its leaders. You may disagree with this assertion, whistle, hoot, stamp your feet, and throw stones at the person who said these things, but this is the simple truth, which, if you believe the saying, is dearer than Plato.

And the truth is that had the Bolsheviks headed by Lenin not believed in permanent world revolution—and this was for them the Old and New Testament both—there would have been no October either. This was one of the tightest knots of the divergence between "revolutionary" and "opportunist" social democracy and of the personal tragedy of not its worst representatives. Lenin saw the historical mission of the Russian Social Democratic Workers Party in, having accomplished the October revolution, "pushing" world revolution also. But it was this which was the tragic mistake. And if we believe Talleyrand, a crime is not a mistake, but a mistake is a crime. The world proletariat was wholly unprepared for world revolution, of which Plekhanov, Martov, and all of Western social democracy were more than convincing in their attempts to persuade the Bolsheviks. Most unprepared for this revolution was the Russian proletariat. Remember the tragic meeting of Kropotkin and Plekhanov following their return to Russia in 1917.

And there should be no taboo placed on a truly scientific analysis of this problem. Without a clear recognition thereof the socialist movement in our country will be forever condemned to total bankruptcy. We need to understand that if we want the people, or sufficiently substantial numbers thereof at least, to retain some vestige of faith in the socialist choice, we need to evaluate October 1917 honestly and comprehensively, not make signs of the cross before it. Let us cease creating

idols for ourselves. The truth is that instead of permanent revolution, our country acquired a permanent general crisis of "deformed" socialism to whose camp were also annexed our former "fraternal" countries, which have already been anathematized, particularly at Russian Communist Party congresses and plenums, by their elder brothers.

M.S. Gorbachev, at the 28th CPSU Congress, made, I believe, a final attempt to consolidate the CPSU. Alas, he incurred fiasco on this path. A broken vase, like a broken love, cannot be stuck together again.

Although I realize the whole naivete of this, it is extremely surprising to me, as before, that we declare ourselves to be a party of socialist choice and communist outlook and declare our aspiration to build humane, democratic socialism without having made a precise definition of a single one of these concepts. We are simply reluctant, most likely, for it is politically more comfortable living thus.

I recall in this connection the widely known words of K. Marx: The label of a system differs from that of a commodity in that it frequently deceives not only the customer, but the seller as well. Although it needs to be said for fairness' sake that many sellers have tried, and often successfully, also to sell their merchandise slightly rotten, and certain customers have understood that they were getting it at a price. But how to tally what a brutal price was paid by our society for social hare-brained scheming.

I consider myself, as before, a socialist. But for me socialism means:

- real political democracy based on a multiparty system, the interconnection of public institutions forming a civil society, and an effective parliamentary opposition;
- an economic system based on the real pluralism of property relations, including, of course, private property, and free enterprise;
- a progressive income tax (for our destitute country it should not be as "steep" as it is now) and an efficient system of the social protection of the working people;
- an effective system of environmental protection.

Socialism for me means a cult of the "individual," a cult of the "ego." Unless we understand this, we will perish conclusively. As for the epithets "humane," "democratic"—these are simply an oddity, a truism, and the salvation of Stalin's "super-deformed" "socialism."

As far as the "communist outlook" is concerned, I shall make so "bold" as to maintain that "communism" has never been, is not now, and never will in the history of mankind be a society. It is unnatural. Although the propensity of the Russian people (forgive me, I do not wish to insult any people) for eschatological thinking and belief in chiliasm compels me to wonder whether there might not be communism a thousand years hence. Perhaps. Perhaps by this time someone will have solved the problem of theodicy

also. Therefore let us leave at least some work to the generations to come after us. Let them, more intelligent than us, build, rebuild, and complete the building of communism. Otherwise, you see, they will become carried away with distribution according to need, and, as we already know full well, there will be nothing to distribute. And there will be no capabilities left either. Can it be that they also, under communism, will have to choose between the introduction of a ration card or coupon system? What would this be: farce or tragedy?

In 1939 Fedor Raskolnikov wrote his celebrated open letter to Stalin. Angrily condemning Stalin for his mass punitive measures and the genocide, virtually, which he was perpetrating against his own people, F. Raskolnikov hurled at Stalin also the accusation that the latter had corrupted and befouled Soviet people's souls. Even F. Raskolnikov, I believe, did not suspect how accurately, comprehensively and profoundly he had evaluated the essence of what was happening and for how long these words would remain prophetic. Although even the Gospel says that the killers of souls are to be feared more than the killers of the body. I do not doubt that each of us, even in private, asks himself whether he fits in this Procrustean bed. Although as regards "each," I have apparently exaggerated considerably.

Television may be greatly thanked for the fact that it has shown that the "befouling and corruption" of souls has not as yet been overcome. We are, as before, living with corrupted and befouled souls. And this is what is most appalling. Unless we overcome this, society will die. So, will we continue to help "Comrade" Stalin or become just a little wiser? Or once again give our, in my view, great poet N.A. Nekrasov reason to say about ourselves: "vandals, savage crowd of drunkards, masters not of creation but of destruction." Or will we once again lose the battle at the Kalka and wait for the next yoke to terminate for us our bloody, fratricidal strife?

It is shameful, repulsive, and nauseating watching the "super-cultured" methods frequently employed by our people's elect and party delegates. Could any normal person not go insane, observing the present-day political shows, compared with which gladiator fights are models of ethics and chivalry.

Do you remember how V. Gilyarovskiy said:

There are in Russia two misfortunes,  
Below the power of darkness,  
Above the darkness of power.

However, this, generally speaking, most profound assertion is, I believe, hardly suitable for an evaluation of our present situation. There is in our country now below a superpower of darkness, and above, a paralysis of power. Although recent congresses compel one to wonder whether there is not now taking place an integration of the power of darkness at all levels—below, above, and in the middle. All politicians, and not only they, need to think deeply about this if, of course, the interests of the people are for them above provincial political ambitions. It is altogether necessary to

have done with the collective rape of the people. I have never before in my life seen such a quantity of concentrated malice as at the congresses.

What is, for that matter, the social base of the CPSU, the ruling party, as we now say? The stereotypical answer is that the CPSU is the party of all working people. But, Lord have mercy, and forgive me repeating myself: Even Jesus Christ was unable to unite all his "sympathizers." And what can be said about the miners who at their first congress in Donetsk publicly disavowed the CPSU? And is it just they?

Let us say plainly: The CPSU was never a party of workers (do you remember Shlyapnikov's "worker opposition"), it never personified the "dictatorship of the proletariat," it was always a "party of a particular kind"—that is, a party of the apparatus which directed the party masses, me included. On behalf of the working people we enslaved the working people and made labor forced, and the system a slave-owning-feudal empire of the "soldier" class of the USSR. We "abolished" man's exploitation of man, but observed and continue to observe with great pleasure how the state of workers, peasants, and the people's intelligentsia is super-exploiting the one, the other, and the third.

It is shameful when an audience of communists rapturously applauds I. Polozkov, for whom conviction as to the rightness of Marxism-Leninism is higher than feeding, shoeing, and clothing our destitute, half-starved population. I feel ashamed of Belov, the new-sprung theorist-ideologist of the Communist Party of the RSFSR, who is calling on everyone to sober up, but proposes intoxication with the raw vodka of his "home-brew," "moonshine" communism. I feel ashamed of myself.

I am absolutely certain that the reader will be asking in perplexity why S. Shatalin needs to waste time repeating these truths which set the teeth on edge. Why indeed? Only to one end: to warn, if only myself, against another temptation to achieve something without altering anything. And recent events in the country are a tocsin warning of coming catastrophe and another temptation. We wish once again to accomplish the insoluble task of squaring the circle: the erroneous, superficial evaluation of the situation in April 1985 in terms of the "deformed" socialism—the choice of varnishing policy (acceleration, S&T revolution)—failure of the strategy—the call for humane, democratic socialism without private ownership and man's exploitation of man and without alienation of the working people from the product of their labor—a new varnishing of policy and... the edge of the abyss. An absolute shortage of absolutely everything, other than words, and the attempt at the Fourth Congress of People's Deputies to take the abyss in two jumps. My God, how many times has all this already happened in Russian history. Or was Hegel apparently right in saying that the main lesson which people learn from history is that they learn no lessons from it? And for this

reason a study of the sources of Russian communism is by no means an academic competition in liveliness of intellect.

We found ourselves frighteningly far from the people and came to a stop at historical materialism, which has shown more than convincingly that the "market-capitalist" economies have defeated the "planned-socialist" economies by a stunning knockout. I believe that even in a fantastic dream K. Marx would not have dreamed of the shelves of "socialist" stores filled with air and would have personally pronounced anathema on all his quasi-Hegelian reasoning concerning commodity fetishism. But Torquemada and Ignatius Loyola had not yet been born, evidently.

How indifferent does one need to be toward one's own people to be able to speak about their "socialist choice" and "communist outlook" of not producing but making fetishes of commodities. Need it be explained after this why the "500 days" program was turned down to the rejoicing of the "upper strata" and the "masses"? A "thousand and one nights" program would not have helped here. The interests of self-preservation and power once again proved higher than the interests of the peoples.

The Fourth Congress of People's Deputies did not breathe a word even about how to emerge from the most profound economic crisis and the total collapse of the economy, although it discussed the question of power against the background of a general and absolutely obvious shift to the right.

Why this happened is a question for a separate analysis. Either the actors did not understand what the director wants or wanted of them or the director "scored" an artistic failure or...? I do not know all the "or's." Society, unless spurred by hunger and cold, once again wishes to fall into a lethargic slumber and content itself with its brutish way of life to which it is so habituated. Inter-ethnic relations and democracy have once again been delivered a clumsy, but planned blow. What, have they already started a referendum in Lithuania? Too much has already been said about the knockout of the economy, but does the president of the USSR wish to entrust the salvage operations to the right people? Or does he believe that the team which sustained a most telling punch has the incentives and courage to put things right? Or does he think that the final match for the World Cup can be won from the bench? The referee had already counted to nine, but the bell sounded. Or have we, for the umpteenth time, not heard it? The Politburo has once again given a reminder of who the true master in the country is. But is this not a Pyrrhic victory?

People's deputies, change your minds and think: Will you have once again to assemble for a special congress? What currently represents the "transition to the market



economy" is chaotic suicide and navigation without rudder and sails. Hardly in the history of Russia have there been instances of a more "dexterous" reduction of the state budget deficit, the outcome of which will be merely superinflation and economic catastrophe. In order to swim in this "sea" a new, intelligent and strong-willed team is needed which could as quickly as possible become a team of interethnic and interparty cooperation, which is particularly necessary now, perhaps, in the sphere of the economy. But it should be finally professionals who are cooperating. The present organization of power will not solve this problem. Let us immediately return to the "500 days." If they are not enough, we will add "A Day in the Life of Ivan Denisovich." I personally would like to defend myself before the people for my lack of principle.

#### **Bunich: Leasing Needed for Economic Recovery**

914A0282A Moscow *RABOCHAYA TRIBUNA*  
in Russian 3 Jan 91 p 2

[Interview with USSR Council of Ministers Academy of the National Economy Pro-Rector and People's Deputy Pavel Grigoryevich Bunich by Almira Kozhakhmetova: "We Can Make It if We Move Forward Through Leasing"]

[Text]

[Kozhakhmetova] Pavel Grigoryevich, the idea can be clearly discerned in the speeches of some deputies in the union congress that the too-rapid dismantling of the old economic system has led to crisis, and that means we must stop and look around. N.I. Ryzhkov was saying the same thing. But you, a member of the editorial commission to devise decrees, have been insisting on a denationalization clause. You wouldn't call that a stop at all.

[Bunich] The very fact that the new system we have been talking about for so long has not yet appeared points us toward a sad conclusion—the old is alive, and is moreover resisting. Yes, it has been altered. The fear of punishment that we all suffered from before has disappeared. But individual discipline and the discipline of enterprises have disappeared as well. When was the state order ever only 50-percent fulfilled?! There are still very many of the ropes of slavery, however—the plants are bound by fixed prices for products, they have quotas, pay is gripped in a vise. The moral here is thus not how to regroup, as Ryzhkov is calling for, but on the contrary how to take a big step forward. Gorbachev, by the way, was saying the same thing at the congress.

What should that step be? I caught this note recently at an all-union conference of enterprise directors: give us the chance to work according to the cooperative model, that is, give us freedom. They all correctly feel that workers are fleeing the state sector, now even the best ones. They are running to the cooperatives, leaving riches behind—gigantic and technically advanced production. The world has never seen a more monstrous situation. We must save the state sector by converting it to the free cooperative model.

[Kozhakhmetova] You are a bold person. All normal people have a conditioned reflex—anyplace with the prefix "co-op" has wild prices and sheer swindling. How will you get backing?

[Bunich] We hate cooperatives because they are placed in conditions where it is easy to steal. But do you steal much from yourself? And after all, I am proposing something more: not simply to buy out the enterprises and become cooperative operators (people do not have the money for that), but rather to convert to a normal economic model through leasing. I am not saying that because I myself am chairman of a union of lessees. On the contrary, I am chairman because I know the prospects that are revealed by this form of conversion.

Here are the advantages: lease enterprises have the right to leave the ministries, they themselves choose the method of designating or electing their leadership, they do not contain an enormous "Mont Blanc" of people that just make paperwork. The state order drops there to the extent that they themselves are able to buy it out, and that means that unrestricted prices appear. But the chief advantage is something else—you go out to an empty state store, it is open, the salespeople are getting paid. If it were under lease, the choice would be this: either close up at once and pay a forfeit, or get yourself out of it and do business. Leasing, in short, is a realistic step for getting out of the crisis. But there is something else as well—the buyout of the enormous amount of state capital.

[Kozhakhmetova] Buyout or giveaway? I ask this because the Moscow City Soviet is already close to concluding the issue on the transfer of housing for ownership. The Supreme Soviet of Russia has decided to distribute a certain amount of land to people for free. The cheaper you get something, the less you take care of it.

[Bunich] We don't have to hand it over like that, we can do it at favorable prices. If money is invested, it is harder to let the new capital go to the winds. We have to proceed with the sale of shares of stock to all those who want them, and not just the workers of the enterprises themselves, in order to accelerate the buyout process. With the presentation of declarations, of course. One could get credit, one could sell a portion of the capital to foreigners. They will never enslave us if they do not possess the controlling group of shares.

So then, if we do all of this, the process of the transformation of the person into the owner will transpire very quickly, in a couple of years. We must only determine without fail, on the scale of the republic, what portion of state property should be subject to sharing (by seniority in work, proportionate to wages or some other no less systematic way). So that it doesn't happen as it did at a certain aircraft plant, where the workers simply took all the property and divided it up. Each one walked off with

eighteen thousand in his pocket. One cannot take advantage of our universal disorder and not pay attention to the state, robbing it and dividing it up any old way.

[Kozhakhmetova] Won't it happen that the congress talks about one thing, we talk about something else and the economy remains in its former cycle of good intentions?

[Bunich] Yes, there is a danger of that. And there is only one way out, in my opinion. We must remember that the question of ownership is hardly more important than the others. And that the process of denationalization is already underway. And its pace, quality and end result depend on us.

### Manager Describes 'Chaos' in Supply System

914A0301A Moscow MOSKOVSKAYA PRAVDA  
in Russian 18 Dec 90 p 2

[Statement by L. Pakhomenko, deputy general director of the Prozhektor Production Association, recorded by L. Nechiporuk: "Internecine Warfare on the Economic Front"]

[Text] The system of centralized resource distribution let go of the reins, but a transition to direct relations turned into bartering. Hence, internecine warfare on the economic front.

"Chaos, anarchy!"—this is approximately how supply procurers who are used to discipline describe the situation with the provision of material resources. The old system of centralized quota distribution let go of the reins, but the emerging market mechanisms are developing with difficulty in an environment with a lack of goods, monopolization of production, and an absence of wholesale trade.

The old structures no longer work, while the new ones do not yet work. L. Pakhomenko, deputy general director of the "Prozhektor" Production Association, discusses what this period of a lack of power means in practice.

Shortages, shortages... When people look at empty shelves, they may get the impression that industry is shut down. Rebukes hurled at production personnel are becoming increasingly louder, and statistical data on failures to make contractual deliveries are confirming that the accusations are sound. What are the reasons? Quite recently, they were seen in backward material and technical facilities, forms of economic operations without a future, and the outflow of skilled cadres that picked up in the era of prosperity of the cooperative movement. At present, something else is the foremost reason—the disintegration of the supply system. Bitter as it may be to admit, this misfortune is a consequence of hasty decisions made in these, perestroika times.

"Eureka" washing machines account for the bulk of consumer goods produced by the "Prozhektor" collective. I hope that they are well-known to the Muscovites. I say "hope" without any irony. Despite the fact that it is extremely hard to buy washing machines, the plant has not reduced their production and, quite the opposite, has even increased it! Ten years ago, we produced 95,000 "Eurekas," and by 1989

we brought their production to 125,000. Additional space has been commissioned in this past period, and a new assembly line has been put into operation. We are planning to supply no fewer than 140,000 machines to consumers this year, our equipment level being the same. In an effort to saturate the domestic market as much as possible, the enterprise halved export deliveries. We will send abroad 16,000 "Eurekas" rather than 34,000, as planned in the distribution list of the Union Ministry of Trade.

Believe me, the collective is trying hard! From the 10th day of each month on, our female workers—assembly is mostly done by women—work on two 12-hour shifts. However, three weeks later idle time drags on—there are no subcontracted parts or materials. Our chief engineer worries as he prepares production in the next year: "What about resources?" What can I tell him? All plans hinge on material-technical supplies. Ministers, their deputies, and plant directors started "doubling" as supply procurers. Nonetheless, the situation is critical. To this day, the 1991 production of the "Prozhektor" Production Association is not backed up by material resources. I know that the picture is the same at many enterprises of the capital city.

Let us recall, however, how all of this used to happen. Previously, the Gosplan [State Planning Committee], the Gossnab [State Committee for Material and Technical Supply] and its territorial organs, having collected ahead of time and processed requisitions for raw and other materials and subcontracted parts, distributed everything that was classified as being in more or less short supply. Producers signed contracts directly, without intermediaries, only for products that were abundant. The most interesting point is that the heavily criticized "distribution juggernaut" worked almost without fail: Everybody got his allocated piece of the allocated pie. However, four years ago a trend emerged to reduce centralized distribution and switch to direct contacts between suppliers and consumers for material and technical supplies. In principle, this is a correct endeavor. However, it should have been undertaken gradually, taking into account the peculiarities of a market not known for abundance.

In 1988, the Gosplan and the Gossnab issued 14 lists enumerating items on which direct nonquota relations were to be introduced. Goods in relatively short supply ended up on the list—in particular, emergency lights produced by "Prozhektor." So what? We received 8,000 requests for them in one year, and sent the same number of responses to consumers: Excuse us, but we have none to spare. This is what the owners of the previously allocated products also communicated. After all, more lights did not appear just because the Gosplan "gave instructions!" Given sickly markets, direct relations have ultimately degenerated into large-scale barter. This is what I think: As long as goods in short supply exist,

there should be state control over their distribution. It will wither all by itself as the market is saturated, without any instructions from on high.

However, as is always the case in our country, if something has been conceived, an entire campaign is mounted. For five years now, a continuous reorganization of the structures of the Gosplan and Gossnab has been under way. The departments and administrations are being merged, disbanded, and renamed. The workload of employees who remain after staff reductions has increased. We may say that their "bags are packed" in anticipation of yet another round of cadre reshuffling. Additional concerns have come to trouble the labor collectives of enterprises. This begs a question to the reorganizers: How have their actions benefited the country in, say, monetary terms? I am convinced that they will not answer. Meanwhile, losses resulting from measures taken "to stabilize the national economy" in our association alone go into millions of rubles.

I am not a proponent of the old system; its flaws were many. However, it worked! Everything was balanced. I remember that we needed a cherry-color plastic for irons. I went to a Union Gossnab administration that was called "Soyuzglavkhim." One employee processed my requisition for an allocation of plastic, and another in the same department simultaneously looked for the dye materials needed for the manufacturer of the plastic. In a word, there was a person "in charge" of the dye materials and I got what I asked for. They have now reduced the Gossnab, and there is nobody to think about dye materials. We now have to take whatever is given to us.

This could be an example of local significance. However, there was a certain consistency in the principles of distributing material resources. The change of shop signs in this sphere encouraged disorganization. In a TV broadcast, RSFSR [Russian Soviet Federated Socialist Republic] People's Deputy V. Fedorov observed: "Hands off the old!" not at all meaning the preservation of the old. This was a warning of sorts: When you destroy, you should create. What have we "created?"

There is no wholesale trade in the means of production in our country. However, there are numerous wholesale trade associations that have replaced the abolished supply and sales. The former ones provided broker services free of charge. The new ones demand that enterprises pay for the performance of the same functions.

Recently, we received a message from Mosgorelektropriboroptorg [Moscow City Association for Wholesale Trade in Electric Appliances]. It said: "A buyer must pay the broker 0.3 percent of the cost of products scheduled for delivery for the organization of economic contacts." "The organization of economic contacts" amounts to two sheets of paper that confirm that the wholesale trade association deigned to allocate restricted products—electric motors for washing machines. However, we

purchase the above product (and have been purchasing it for years!) as a result of already existing—rather than new!—economic contacts. The broker plays no role at all, and is not responsible for failure to deliver. Why are we to give him R26,000, and no less?

It is useless to complain. The Gossnab also "gets its cut." It collects 0.15 percent of the cost of these very motors from territorial organs for allocating quotas to them. In short, everyone tries to fleece the others, and this extortion is called economic accountability. It is easy to see how prices increase because of such "accountability." To be sure, brokerage services need to be paid for, but they should amount to precisely the actions and the obligations of parties rather than signing papers.

While releasing the draft 1991 plan, the USSR Gosplan leaders called for bringing back the notion: "A plan of deliveries to the state is law for enterprises." However, the state must, in turn, guarantee material and technical supplies to the collectives. The "Eureka" washing machine is the state assignment of the "Prozhektor." More than 100 suppliers work to produce it and are called upon to ensure stable supplies of subcontracted parts and raw and other materials—230 items. As I see it, all of them should be mandatory state deliveries. Apparently, this requires "through" planning by item and, if need be, centralized distribution.

The potential of suppliers needs to be studied, funds should be calculated, and working groups including representatives of the Gosplan, Gossnab, and ministries should be formed. A draft of a realistic and balanced plan should be submitted to the USSR Supreme Soviet subsequently, based on the results of this work.

For example, we now have great difficulties with the supply of ABC grade plastic. Out of the 500 tons ordered by the Gossnab through imports, fewer than 200 have been received. The excuse is well-known: "There is no hard currency in the country," and you cannot hold those who promised it accountable. Yet, I would like to. After all, they are planning yet again to purchase the plastic abroad, and nobody is thinking about the consequences of it—that thousands of families can be left without washing machines, and their producers can be left without wages because of someone's near-sightedness. However, predictions for the distant future are not the point. Respected comrades from the Gossnab! The plant needs at least 60 tons of plastic in order to rescue the December plan. I am asking you on behalf of a collective of many thousands—help!

"Distribution, planning"—do not let these "conservative" words embarrass us. Look at what political and economic differences have brought about! There is very real internecine warfare on the economic front in which the population is victimized. The events in Armenia inflicted losses going into millions of rubles this year alone on the "Prozhektor" Association. And what about the confrontation of laws? What about the striving of regions to isolate themselves in an economy built on very



close cooperation? Finally, about political declarations—they are good when there is stable economic cooperation.

Russia and the Ukraine signed: "The Treaty on the Foundations of Relations Between the RSFSR [Russian Soviet Federated Socialist Republic] and the Ukraine." As I read about this in the newspapers, I thought that the Moscow region might be left without metal products manufactured in the Ukraine. Several days ago, a requisition slip was returned to Mosgormetalloptorg [Moscow City Association for Wholesale Trade in Metals] from the Zaporozhstal [imeni Sergo Ordzhonikidze Zaporozhye Steel Mill] with this text: "Based on the Ukrainian SSR [Soviet Socialist Republic] law on unified state orders dated 15 October 1990, the plant refused to accept the order." The "Prozhektor" ordered 3,000 tons of rolled sheet metal that is mainly used to manufacture washing machines. What would you have us do? Who are we to appeal to when even the decree of the USSR president calling for the temporary preservation of existing economic relations is not taken into account? As far as republic arbitration bodies are concerned, they resolve disputes in favor of "their people" more frequently than not.

Some people do it this way, others do it another way, and what we actually get is disintegration. Partners dictate their terms unabashedly. We have calculated the cost of a washing machine, taking into account the prices that suppliers are imposing. A buyer will have to fork over R700 for an automatic "Eureka" rather than R305, as he does now. A semiautomatic "Eureka" will cost R530 instead of the current R230. To pay R500 for a necessity is no good!

What is the appearance of enterprises in foreign markets on occasion fraught with for the country? Last year, we lacked 980 kilometers of cables to meet state orders. The Gosnab refused to allocate resources. However, the Upper Volga Cable Plant in Rybinsk sold cable for exports with the permission of the same Gosnab. I went to Rybinsk and pleaded with the management of the plant for help—to no avail! Before my very eyes, the valuable material was loaded onto Hungarian trucks. It may have been in return for goods—this is frequently done. As far as we are concerned, we failed to deliver to the state products worth R3.5 million.

Economic links have been closely intertwined: You sever them in one place, but it hurts elsewhere. Straightening out the supply situation on the eve of the market means filling the shops with goods beginning tomorrow. I propose "to take along" from the old system centralized distribution and, consequently, a full-fledged Gosnab. As far as things new, unified guidelines for financial incentives at enterprises producing consumer goods should be worked out. This means preferential rates of taxation, the right to sell a segment of output as the collective sees fit, but not to the detriment of the interests of the country. Could it be that this is where a civilized market begins?

### Gospriyemka, Pseudomarket Blamed for Supply Chaos

914A0354A Moscow RABOCHAYA TRIBUNA  
in Russian 15 Jan 91 pp 2-3

[Article by RABOCHAYA TRIBUNA staff correspondent Eduard Mokhorov: "The Minister Has Won, the Market Has Lost. An Afterword to an Old Dispute"]

[Text] Bryansk—*Three years ago, I suggested in SOTSIALISTICHESKAYA INDUSTRIYA that a large fine be imposed on Minister of the Chemical and Petroleum Refining Industry N.V. Lemayev. A trivial fact caused me to make this statement at the time. The Volzsk Plant of Technical Rubber Products reporting to this ministry failed to deliver a shipment of rubber gaskets on time to the Association "Bryansk Motor Vehicle Plant." The cost of a gasket is 12 kopeks; however, 2,000 trucks were not produced because of this trifle. Bryansk brought a suit against the supplier of gaskets, and won the case in arbitration, collecting 30 rubles [R] and some kopeks.*

*I reasoned that the guilty party should have been assessed the entire amount of forfeited gain, i.e., the cost of 2,000 trucks, as is done in keeping with the laws of merchandise markets. However, what can you collect from somebody who is naked and impoverished? The Technical Rubber Products Plant was in dire straits to begin with. Its equipment was worn out, working conditions were atrocious, and there was a labor shortage. Paying damages in full would have ruined this one and irreplaceable supplier, albeit a weak one. To whose advantage would this have been?*

I came to the conclusion that small fries should not be the ones to be punished financially. If anyone, the headquarters of the industry was responsible, and the entire amount of damages could be collected from it. The ministry made technical policy; it controlled financing and material resources; it distributed capital investment to enterprises. They had brought the Volzsk Plant to its knees, and they should have been held accountable.

This rich and, on the whole, prosperous industry would have definitely found an opportunity to bring those trailing up to speed had one minister or another had a couple of his monthly salaries withheld for consistently occurring failures to deliver, and had a full amount of forfeited gains been assessed against the industry he managed (it would have been up to them to decide later among themselves who specifically was to be punished). This is what I wrote in the essay: "Old Sand in a New Economic Mechanism."

Raising the issue in this manner was uncustomary at the time. Our Soviet ministers fostered by the administrative command system were used to assigning quotas rather than being held accountable. My call for personal responsibility immediately ran into a stormy protest in these spheres. Nikolav Vasilyevich Lemayev, whom I

profoundly respect, and whom I once knew in conjunction with the construction of the Nizhnekamskiy Chemical Combine, gave an interview to NEDELYA in which he called my proposal a return to old procedures and an "administrative stick." The minister who took offense in earnest absolutely failed to understand for what he was to be penalized. He worked two shifts daily; his lunch break was no longer than 20 minutes; he had virtually no Saturdays or days off—all of this in the name of the interests of an industry that is large and complex. The potential of the industry had increased year after year, and its successes were much more significant than isolated miscalculations with, for example, the 12-kopek rubber gasket in question.

I may confirm that Nikolay Vasilyevich has indeed done a lot for the industry and for the country. However, let us imagine that our minister is elected president of an omnipotent company, for example, General Motors, and a plant belonging to it fails to deliver 12-cent gaskets under contract to Ford. I believe that it would be of no interest to anyone how long the lunch break of President Lemayev is. However, he would have to make up the amount of forfeited gain in full.

This exchange occurred in the press in 1987. This was an interesting time for our economy. The country was abandoning a system of barracks socialism and ration-card economy without regret. Individual enterprises, and subsequently industries, acquired economic rights and independence. A powerful incentive mechanism appeared for good, effective work. Having come to believe in perestroika, labor collectives were achieving impressive results on all scores with confidence.

I would call this a time of real but missed opportunities to make a transition to market economy. However, I come to a sad conclusion when I recall the old dispute with the minister at present. What enraged Nikolay Vasilyevich called the unseemly administrative stick is actually called commercial reliability in the civilized market-based world. There can be no market either there or here in the absence of a high standard of contractual relations, personal responsibility, promises kept, integrity, and mutual trust of business partners. In their countries, "over there," the reputation a company has for being reliable is valued above all.

If someone is building a house, and someone else undertakes to deliver materials, everything specified in the contract will arrive on site on precisely the appointed day, hour, or even minute. If you fail to keep your word they will not do business with you in the future. Damages are paid for failures to meet one's obligations properly, which may bankrupt a company. This is market ABC. I saw how the Italians built a footwear plant in Kaluga, and the Turks a sanatorium in Pitsunda, precisely along these lines.

The notion "forfeited gain" is not my invention. You may find it even in our old government resolutions adopted before perestroika, which worked well for its

benefit in 1987, but in the following year, 1988, virtually lost all effect under pressure from ministers, managers of enterprises, and a bureaucratic apparatus. This was a tragic mistake that very soon brought about complete ruin and general irresponsibility in the country.

Certain things must be recalled at this point. When the first of our enterprises finally gained independence in 1987, they began to protect their rights against the monopolistic dictate of undisciplined producers proceeding from "Regulations on Deliveries" adopted by the USSR Council of Ministers in 1981. Article 104 of this document reads: "...A party that commits a breach of contract indemnifies the other party for losses sustained as a result... The losses include expenditures incurred by the side in conjunction with a failure to fulfill obligations or their improper fulfillment, loss or damage to assets, as well as profits it failed to receive that it would have received had the obligations been properly fulfilled by the other side."

This decree was born before its time and was on hold for many years. This happened for a reason. Enterprises that were in the orbit of the distributive system of the center never sought harsh sanctions, preferring to build their mutual relations in keeping with the unwritten law of mutual forgiveness.

The provisions of the document forgotten by all suddenly became a menacing weapon used against the ration-card system of distribution, and the threat of personal accountability of the ministerial nomenklatura for economic operations became increasingly real. Increasingly often, labor collectives that had gained independence defended their rights against unreliable suppliers proceeding from legal norms.

I witnessed attorney A. Sverdlov winning in arbitration a R40,000 suit brought by the Bryansk Motor Vehicle Plant against a Rostov association that failed to deliver ball bearings. This was not the total cost of ball bearings but precisely the amount of forfeited gain. Initially, arbiters took Sverdlov for an eccentric. They tried to reason with him; they postponed consideration of the case thrice on a plausible pretext. However, ultimately the legal service of the plant had the dispute resolved in its favor. Both the defendant and the plaintiff belonged to the same industry. Naturally, the people from Rostov petitioned the minister for redress. However, even the omnipotent Comrade Pugin found no arguments against Sverdlov's position. The people from Rostov paid the debt, made up arrears in deliveries, and did not play with fire anymore.

In these initial, dynamic years of perestroika Sverdlov was not the only one defending the interests of his collective proceeding from the harsh resolution on deliveries. Enterprises literally hunted down unmanageable suppliers and punished them by means of severe sanctions, teaching each other discipline. This was when the entire depth of crisis in the ration-card distribution system was revealed. To be sure, they did not manage to

attain a 100-percent delivery rate in the country, which is what N.I. Ryzhkov strove to accomplish at that time. However, everybody pulled his weight.

The volume and rate of production picked up; idle time dropped appreciably; technological discipline improved. We were on the proper path to a market economy. In these years, many labor collectives that became independent generated considerable funds for technical development, improved their social status, and made an unparalleled housing construction effort based on their own resources. Prospects appeared for creating an infrastructure of small enterprises and independent cooperatives at major production associations. This held out the promise of some competitive development.

However, something illogical happened next. A zealous bureaucratic apparatus imposed on the national economy a dubious innovation in the form of *gospriyemka* [state acceptance]. This was when an undisguised administrative approach began, an attempt to boldly leap over a plank clearly set too high. We did not improve quality in anyway, but we dealt a heavy blow to the promptness of deliveries by these ill-considered measures.

The further it went the worse it got. A protracted period began that gradually took us to the point of the infamous parade of local sovereignties, when not only all republics or even oblasts, but at times individual rayons of individual cities began to pursue economic policies "independent" of the center. The dubious creation of quasimarket legislation in recent years has also facilitated the growth of inflation and further disruption of the national economy.

Enterprises have been given the right to introduce contractual prices arbitrarily, impose all kinds of surcharges, and change product lines. New regulations on the deliveries of consumer goods adopted in 1988 have made it possible for all producers to fail to meet planned assignments with virtual impunity. For example, why should the manager of a footwear factory manufacture 1 million pairs of cheap high boots for women if he may, without any loss to himself, increase prices for the same boots arbitrarily and reduce their output correspondingly, replacing the lacking number of pairs with, for example, sports shoes rather than boots? The threat of a symbolic fine does not deter anyone anymore. It has become more advantageous to pay it rather than manufacture products at old prices and in mandatory amounts.

Rank and file consumers who are not privy to the nuances of law creation encountered the consequences of it when one day they found that the shelves of stores were empty. The overwhelmed people have been asking to this day: Where have footwear, fabrics, clothing, TV sets, refrigerators, washing machines, and soap gone—that is, everything that was always produced in abundance? The simplest thing is to pin it on the mafia and the growth of incomes, but these are merely consequences for which there is a reason.

Recently, I met attorney A.R. Sverdlov once again. He described the situation that has emerged in our economy very succinctly and vividly: A new player has appeared in the production infrastructure—a dodger and extortionist rather than the businessman we would like to see. To illustrate his words, my old acquaintance showed me an engine delivery contract that the Yaroslavl Association "Avtodizel" offers to sign with the Bryansk Motor Vehicle Plant.

The supplier sets the condition that an additional payment of R175 per engine be made to him with a view to, as the contract says, "ensuring minimal necessary profits." In addition, "Avtodizel" requires its customer to provide rolled metal, pipes, paint and varnish products, construction materials, and paper for printing and wrapping in order to fill the order. However, even if these and other conditions are met, the producer guarantees filling only 70 percent of the planned order.

This is not yet all. Deputy Director of "Avtodizel" G. Potapov notified his partner: "The delivery of engines will be reconsidered when procedures for the application of Article 2 of the RSFSR [Russian Soviet Federated Socialist Republic] law: 'On Economic Relations in 1991' provide for the right of suppliers to use independently up to 30 percent of products."

Unfortunately, the document is fairly typical. It accurately reflects processes currently under way in our economy. Returning to the argument between N.V. Lemayev and me, which occurred three years ago, I am compelled to admit that in life the point of view that the minister advocated has prevailed. However, this has not brought a market economy even half a step closer... Instead, it has been observed that many ministers are preparing to become directors of associations, corporations, and all-Union companies. How many of them are prepared to assume the burden of responsibility for the results of their operations along with new positions? Are they prepared to report to labor collectives, contributors, and rank and file shareholders? This is yet to be determined.

When President Gorbachev refers to the need for firm power in the country, his concern is shared entirely by the Congress and the people alike. The president merely reminds us and himself of the following truth: Only a democracy that is capable of defending itself can survive.

At present, mythical conspiracies and coups that they scare us with are not the source of danger. An economic reform is in need of protection. Collectives of producers that were quietly robbed of the accomplishments of the first years of *perestroika* by an entrenched bureaucracy need strong laws and strong executive power. We should return to market discipline, order, and integrity rather than to an administrative clamp down and fiscal laws that doom labor collectives to the yoke of servitude—to incentives that compelled enterprises to honestly comply with the terms of contracts and generate material funds based according to the results of labor.



## INVESTMENT, PRICES, BUDGET, FINANCE

**Gosplan Official Describes 1991 Forecasting, Plan**  
914A0292A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 1, Jan 91 pp 4-5

[Article by Doctor of Economic Sciences Vladimir Borisovich Bezrukov, head of the USSR Gosplan National Economic Planning General Department: "1991: Forecast and Plan"]

[Text] I would like to speak first about the nature of the new plan documents and the reasons for the radical change in planning. The enterprises have acquired independence. Consequently, production programs and plans drawn up by themselves, not sent down from above, as before, and also business contracts on product supplies concluded between producers and consumers will be the basis of planning. The economic sovereignty of the Union and autonomous republics rules out the center's interference in their domestic turnover, as it does also in the exchange of products on a bilateral or multilateral basis. Horizontal relations, unless they are contrary to the public interest, should enjoy increasingly extensive development. The market is impossible without them. Whence it ensues that a forecast-plan, not a directive-plan, is needed.

The All-Union Forecast of the Functioning of the Country's Economy in 1991, submitted for consideration by the USSR Supreme Soviet, was based on a comprehensive analysis of the economic and production situation that took shape in 1990. Account was taken of the whole set of indirect economic regulators—taxes, prices, depreciation allowances, credit interest and others—that will take effect in 1991. The legal basis of the forecasting was the laws of the Union of SSR [Soviet Socialist Republics] concerning implementation of the economic reform and development of interethnic relations and the "Guidelines for a Stabilization of the National Economy and Transition to the Market Economy," and also edicts of the president of the USSR and government prescriptive instruments of the USSR and the Union republics.

The State Plan for 1991 for Spheres of Management of the Union of SSR was drawn up simultaneously with the forecast as an organic part thereof. It encompasses problems within the jurisdiction of the Union of SSR at the stage transitional to the market, represents an instrument of direct state regulation and incorporates a very limited quantity of most important types of products and also operations and quotas essential only for the accomplishment of all-Union tasks. The State Plan also includes three most important all-Union and Union-republic programs: Chernobyl, Aral, and Conversion. These programs are based on the resources that will be formed by the State Plan with, it is true, a certain addition of material and financial resources of the republics concerned.

The All-Union Forecast incorporates two major blocks: forecasts pertaining to general economic directions at the macrolevel and forecasts of the functioning of individual most important spheres and complexes of the economy.

The first block contains macroeconomic indicators and general economic proportions. An evaluation of such indicators as gross social product, national revenue used for consumption and accumulation, and industrial production is made. The volume of the industrial product for 1991 is put at 1-2 percent below the 1990 level. This fact cannot be given an unequivocal negative evaluation since the stabilization of the economy requires in a number of instances new approaches to structural policy connected with a temporary slowdown in the development of capital-intensive spheres of the economy not working directly for man. The process of a slowdown in the rate of economic development may be intensified by organizational difficulties, which, incidentally, have already been revealed in the course of the economic reform. They are connected with the formation of new forms of ownership, the fundamental restructuring of the work of a large number of enterprises and organizations and the disruption of the evolved economic relations.

This same block presents a forecast of the formation of the country's financial resources and the area of their use, a forecast balance of individuals' monetary income and expenditure and the state of the consumer market, a consolidated forecast balance of investment resources in respect of all sources of financing, a consolidated balance of employment and labor resources, a forecast of the material balance of the country's economy, and a number of other most important national economic balances constituting the basis of forecasting and macroplanning at the Union level under the conditions of the period transitional to the market economy. Account is taken here also of state spending for the purpose of social support of the population under the conditions of transition to market relations.

The second block contains forecasts of the development of the most important spheres and complexes of the economy—the social sphere, environmental protection, and agroindustrial, consumer, and chemical and timber complexes, and also construction, transportation, communications, and foreign economic relations.

The national economic complexes segment determines the necessary overall extent of the production of the most important products and operations. According to forecast estimates, in 1991 negative trends could grow primarily in the fuel and power and the chemical and timber complexes, ferrous and nonferrous metallurgy, capital construction, and transportation. The forecast of the extent of the extraction and production of the most important types of product makes it possible to imagine the capacity of the all-Union market and to evaluate the availability in the country of this resource or the other, which could serve for the enterprises as a reference point when adopting independent decisions on the expedient scale of the development of their production, and for the

Union republics, for determination of an economic and structural policy in keeping with all-Union interests and the formation of interrepublic economic relations.

The point of departure in preparation of the forecast were the decisions adopted by the USSR Supreme Soviet on measures pertaining to a rise in individuals' living standard. Their implementation will require considerable financial resources. It is sufficient to say that the coming year will account for approximately 80 percent of the increase in all centralized resources channeled into the said purposes in the 13th Five-Year Plan, namely, 47 billion rubles [R].

The central place among the forecast estimates for 1991 is occupied by macroeconomic proportions reflecting processes of the consistent reorientation of the economy toward a strengthening of its social focus. Thus the proportion of resources of national revenue for current consumption and construction for nonproduction purposes is to amount to 87 percent compared with 80 percent in 1990. The proportion of capital investments in the nonproduction sphere in the total amount will grow to 37 percent compared with 26 percent.

The measures being adopted pertaining to the financial recovery of the economy and the balance of the consumer market are reflected in the structural changes in industrial production. The proportion of group "B" products in total industrial production will constitute approximately 32 percent in 1991. The increase in the extent of the production of these products is put at 4.4 percent, provided that we obtain corresponding currency resources and material and technical support.

There are to be certain structural changes in the dynamics of employment also. Thus the proportion of people working in the nonproduction sphere in the total numbers of those with jobs in the national economy will constitute, according to the forecast, approximately 30 percent compared with 29 percent in 1990.

The forecast of the overall state of financial resources reflects the efficiency of the use of economic regulators, including tax rates, depreciation allowances and credit interest, and also the system of new wholesale and purchase prices and rates.

The reduction in the proportion of the state sector and the development of enterprises of other forms of ownership will withdraw from the sphere of direct state regulation at the Union and republic levels an increasingly large amount of financial resources. There will in the future, however, be a considerable increase in tax receipts from enterprises and organizations of the alternative sector of the economy. Under these conditions the forecast estimates for 1991 were made on a new methodological basis providing for the abandonment of the direct planning of financial resources and the transition to indirect methods of regulation, that are aimed at the stimulation of enterprises in an increase in revenue and the rational use thereof.

In accordance with the edict of the president of the USSR: "Priority Measures Pertaining to the Transition to Market Relations," the forecast takes account of prices devised in accordance with USSR Council of Ministers Ordinance 741 of 14 July 1988, which were seen as the basis for the establishment of contractual market relations. The value ratios envisaged therein were approximated to world value ratios and aimed at the stimulation of resource-saving and the introduction of S&T progress. These prices serve as the necessary base by reliance on which the enterprises, concerns, and associations may subsequently effect a staged transition to free flexible pricing.

According to the estimates, in 1991 the revenue formed by the state within the overall market space will decline 2.2 percent compared with the 1990 level. The financial possibilities of the state will, according to the forecast estimates, be restricted appreciably since with the introduction of the new procedure for the taxation of enterprise profits there will be a palpable increase in the resources remaining at their disposal, which will lead to a reduction in the resources that can be mobilized by the state. Even given the government's implementation of strict measures to reduce spending and increase revenue, a financial deficit could arise, which makes urgent the task of creating all-Union and republic economic stabilization funds. The aggregate deficit of financial resources of enterprises and sectors of the economy and budgets of all levels will amount to approximately three percent of the gross national product.

The forecast estimate of individuals' monetary income and expenditure was drawn up on the basis of the prospects of the development of material production and the nonproduction sphere and changes in the economic mechanism. The estimates take account of the measures to raise the people's living standard. The increase in individuals' monetary income is forecast in 1991 at 11.1 percent compared with 14.6 percent in 1990 (anticipated).

A balance between monetary income and expenditure cannot be secured only thanks to an increase in the sale of commodities and the realization of services for which a charge is made. Great attention was paid to the use of individuals' spare monetary resources for nontraditional purposes. Thus it is proposed to extend the sphere of application of free and contracted prices for the acquisition of durables and goods that are not in daily demand. The use of resources for the purchase of stock, bonds, other securities, and real estate is envisaged.

Individuals' compulsory payments and voluntary contributions, which include all forms of taxes on individuals, state insurance contributions, payments to public organizations, and others, could grow approximately three percent in 1991. Individuals' consumer spending on the purchase of merchandise and payment for services (in 1990 prices) will increase 11.3 percent, of which expenditure on the purchase of merchandise, 11.8 percent, and payment for services, 8.2 percent.

The volume of supplies of commodities to the state have been determined with regard for the developing possibilities of material and technical supply thanks to domestic production of raw material, intermediate products and components, and also import purchases. Production of the most important nonfood commodities is forecast to increase compared with 1990 in terms of radio receivers, 9.5 percent; television receivers, 11 percent; washing machines, 10.8 percent; PC's, by a factor of 2.1; and horticultural and truck garden implements, by a factor of 1.3.

It was intended when the forecast was being devised that the Union republics would be directly responsible for the state and filling of the food market. Republic and local authorities will form the food resources of their territories and cater for supplies to all-Union stocks.

The volume of agricultural production is determined in the forecast at the 1990 level. The production of grain in 1991 could constitute 217 million tons (weight after additional processing) and will be somewhat less than anticipated in 1990, the production of meat (dressed weight) will increase 1.5 percent, and the production of milk will increase one percent. Fundamental significance is attached to the organization of interrepublic supplies of goods and raw material which, following agreement with the union republics, will in 1991 be incorporated in all-Union stocks.

As of 1991 the centralization of any of enterprises' own resources will cease, and a significant proportion of financial resources will be transferred to republic and local budgets, which will limit appreciably the amount of investments from the Union budget. The formation of the bulk of capital investments will be the prerogative of the republics, enterprises, associations, and organizations, who will determine independently whither they should be channeled and will ensure the maximum efficiency of their use.

Total capital investments are forecast to a considerable extent in dependence on material and technical supply, this including a reduction to 63 percent in 1991 compared with 74 percent in 1990 in the proportion of capital investments channeled into the production sphere. Of state centralized capital investments financed from the Union budget resources will be allocated primarily for elimination of the consequences of the accident at the Chernobyl AES [nuclear electric power station] of the order of R7.6 billion and restoration of the ecological situation and an improvement in the public's living conditions in the Aral area of R900 million.

The main organizational form of material and technical supply in 1991 will be direct unlimited consumer orders drawn up in supply agreements based on horizontal economic relations between enterprises with the use of the services of wholesale-brokerage firms.

In respect to a limited list of producer goods, the material and technical support for most important all-state requirements will be effected on the basis of ceilings of material and technical resources allocated in centralized fashion and

determined on the basis of the composition and volume of supplies for the state, which was expressed in the draft State Plan for Spheres of Management of the Union of SSR.

When the draft plan was being shaped, provision was made for satisfaction with material and technical resources of the most important requirements of the sectors and types of activity within the jurisdiction of the Union of SSR and base sectors working for the entire national economy and also problems connected with provision of the people with food and merchandise. The extent and list of supplies for the state providing for satisfaction of the most important requirements in such spheres of activity as the agroindustrial complex, railroad, air, sea and main pipeline transportation, space systems, the fuel and power complex, all-Union communications and information systems, defense needs, state reserves, all-Union programs, and exports ensuing from intergovernmental agreements were determined.

Consistent implementation of the State Program for the Conversion of the Defense Industry will continue in 1991. A further reduction in military spending and a reduction in supplies and outlays on the development and production of arms and military hardware are envisaged. This will afford opportunities for the use of the production, S&T, and personnel potential of the defense sectors of industry for the social reorientation of the economy, the production of high-quality consumer goods, and the retooling of such socially oriented sectors of the economy as light and medical industry, the agroindustrial complex, trade, and public catering.

The foreign economic situation will be difficult in 1991. The physical amounts of the proposed commodity exports are as yet such that currency proceeds could be appreciably less than in 1990. The repayment of a substantial part of our foreign debt falls due in 1991. For this reason the amount of resources in freely convertible currency for supporting imports will decline appreciably compared with 1990, which is exerting a definite influence on all forecast estimates of the draft plan for 1991.

The All-Union Forecast of the Functioning of the Country's Economy in 1991 and the State Plan for 1991 for Spheres of Management of the Union of SSR represent a single, inseparable, organically interlinked system of state influence on the economy for the purpose of its stabilization and transition to the market.

## INDUSTRIAL DEVELOPMENT, PERFORMANCE

### Exhibit on Military Conversions Planned

914D0107A Moscow TRUD in Russian 10 Jan 91 p 1

[Article by V. Svirin: "At an Exhibition With Military Secrets"]



[Text] Representatives of a number of ministries that work in the military-industrial complex conducted a news conference in Moscow for Soviet and foreign journalists.

The topic was the exhibit "Conversion," which is planned for June and is being organized in Bologna at the initiative of business circles of Italy. Only enterprises and scientific research organizations of the USSR will be taking part in it, and they will demonstrate technology and materials which until recently were a military secret. Why? To find capable partners for the conversion of formerly "closed" industries over to the manufacture of products for civilian use and consumer goods. Being delivered to Bologna are more than 1,400 working models, 400 mock-ups, TU-304 aircraft, the multipurpose "Albatros," a passenger transport aircraft with a low specific fuel consumption, the SU-26-7 sporting

craft... It was also decided to demonstrate the secrets of the "Buran" system, for whose creation 100 types of new materials were invented, 240 new technologies, and 130 new models of weapons.

Italian businessmen are already showing interest. They are proposing the formation of a joint aviation company for transporting cargo on airliners of the AN type as well as a joint jewelry enterprise. They are prepared to purchase warships for conversion into meeting centers, exhibition centers, hospitals, and stores. Nor do they have any objection to concluding leasing contracts for the use of Soviet aircraft carriers and submarines that have been subjected to military cuts as tourist attractions at the sea resort of Rimini. Leasing means renting out an article with payment of fees up to the full cost of the article, after which the leased object may be purchased.

## POLICY, ORGANIZATION

### RSFSR Law on Social Development of Countryside

#### Text of Law

914A0315A Moscow SOVETSKAYA ROSSIYA  
in Russian 11 Jan 91 First Edition p 3

[Law: "RSFSR Law 'The Social Development of the Countryside'"]

[Text] The Law defines the basic principles pertaining to the priority nature of the development of the social sphere of the countryside and the material-technical base of the agroindustrial complex in the structure of the RSFSR national economy.

#### Section I—Basic Principles

Article 1. The state guarantees the priority nature of the development of the countryside by its economic, legal, and social policy.

Article 2. The rural population carries out its economic activity on the basis of the diversity and equality of the state, kolkhoz-cooperative, private, and shared-collective forms of ownership; the development of all forms of management: kolkhozes, sovkhozes, peasant (individually managed) farms, and their cooperatives and associations; the carrying out of an agrarian reform; the granting of the right to labor collectives to redeem or to transfer for lease or ownership the production assets; and the free departure of the workers from kolkhozes and sovkhozes with the right to receive a plot of land and a corresponding part of the fixed assets for the creation of a peasant (individually managed) farms.

All forms of management have equal rights to the organization of production, the possession of their output, and the distribution of the income.

Article 3. The outstripping rates of the socioeconomic development of the countryside and the agroindustrial complex are guaranteed by:

- the proportions of investments at the republic and local levels;
- the financial, credit, and resource policy;
- the system of state support;
- the population policy.

Article 4. Programs for socioeconomic development in the republic cannot be adopted without a consideration of the priority nature of the development of the countryside.

#### Section II—Social Policy in the Countryside

Article 5. The development of rural inhabited places is carried out in the harmonious combination of all the

forms of settlement that have formed traditionally—villages, settlements, homesteads, Cossack villages, mountain villages, squatter farms, etc.—with each of them having completely equal rights to existence.

Article 6. In the countryside and in small cities that have been integrated with the countryside, outstripping rates are guaranteed for the construction of housing, children's preschool institutions, general educational schools, structures intended for cultural, public-health, and communal and personal-services purposes, and the building of roads, as well as the development of telephone, communication, radio, and television, medical, personal, and other types of service.

Article 7. Laborers and employees and hired workers employed in agricultural production have the right:

- to receive, within a six-month period, a job with a work week of the established duration, vocational training and retraining, and payment for their labor for performing work requiring a definite proficiency level and an assigned standard at a rate that is not lower than the minimum wages, with a consideration of the subsistence wage; and to receive an annual leave of no less than 21 calendar days;
- to receive additional training or retraining in the event that there are changes in the employment conditions, with the retention of the average wages, and also to receive material support during the period of temporary unemployment, with a consideration of the subsistence wage.

Article 8. Families that are moving to areas with an insufficient amount of labor (according to the list defined by RSFSR Council of Ministers) for work in agriculture, and also specialists in public education, culture, public health, communication, personal, and other spheres of service, and physical culture and sport, who are sent there in accordance with requests from the farms and rural soviets, have the following benefits established for them:

- they are provided, on the basis of personal ownership, with detached homes or apartments with farm buildings and plots of land near the farmstead. For a period of the first two years they are provided with fuel gratis in accordance with the quotas that are in effect, chargeable to the local budget, with the exception of those who have these benefits permanently;
- housing is reserved at their place of previous residence for the period that the contract to work in the countryside is in effect;
- continuity of their work longevity is preserved, if the break in work does not exceed one month, not counting the travel time, for obtaining percentage wage differentials and other benefits;
- free assistance is provided for organizing their personal plot;

—they are granted a preferential right to purchase on credit a highly mobile passenger car (or heavy motorcycle), refrigerator, television receiver, washing machine, and other household appliances.

Article 9. The Councils of Ministers of the republics that are part of the RSFSR, the executive committees of the local soviets of people's deputies, and the economic agencies and enterprises promote the development of individual housing construction in the countryside.

Workers employed at kolkhozes, sovkhozes, associations, cooperatives, lease-type collectives, peasant (individually managed) farms, and other enterprises and organizations in the agroindustrial complex are provided, for purposes of construction, capital repair, remodeling, and installation of utilities, with credit in the amount of the estimated cost of the home, and are provided with building materials in complete volume.

The use of the credit is paid for on preferential terms.

In accordance with the decision of the labor collectives, 50 percent of the credit allocated to the workers of kolkhozes, sovkhozes, and other state enterprises and organizations in the agroindustrial complex who have worked no less than three years is paid off at the expense of the enterprise and farm funds. Other workers pay off the credit in accordance with a decision of the local soviets and at the expense of their funds. The person building his own home pays off the remainder of the credit, depending upon the expected life of the structure, in equal amounts over a 10- to 50-year period.

Article 10. Costs of maintaining the social infrastructure in the countryside which are not covered by the income are made at the expense of the funds in the republic (RSFSR) budget.

Article 11. When agricultural produce is sold to the state in accordance with a contract, counterpart contracts stipulate the mandatory exchange for the value of that produce by the material-technical resources required by the countryside, at state wholesale prices.

### Section III—Investment Policy

Article 12. Construction in cities and rural localities of new industrial enterprises and the expansion of existing ones, which enterprises are not linked with the production of agricultural output or its processing, is authorized only after coordination with the Supreme Soviets of the republics that are part of the RSFSR, with the kray and oblast soviets of people's deputies and the soviets of people's deputies of the autonomous oblasts and autonomous okrugs; the construction of structures having interregional importance is authorized after coordination with the RSFSR Supreme Soviet. The released resources and capacities of the construction organizations are to be channeled into the development of the countryside.

Article 13. Provision is made for the first-priority allocation of state centralized capital investments for the social development of the countryside and the reinforcement of the material-technical base of the agroindustrial complex.

A system of state financial support is to be established for the agroindustrial complex, with no less than 15 percent of the RSFSR national income being channeled into its development annually, starting in 1991.

Target programs and state measures involving the socio-economic development of the countryside, the list of which programs and measures is approved by RSFSR Supreme Soviet and RSFSR Council of Ministers, are financed at the expense of the republic budget.

The following are financed annually at the expense of the republic budget:

- programs to support the development of peasant (individually managed) farms;
- the creation of the social infrastructure in the countryside, including the construction of housing, schools, and preschool institutions; projects intended for cultural and public-health purposes; motor roads, including those within farms; the providing of electrical, gas, telephone, and radio services; and the supplying of water to rural inhabited places;
- the construction of interfarm land-reclamation systems and group water mains, and of environmental-protection and hydraulic structures; fundamental improvement of the land that is linked with increasing its fertility; the installation of perennial plantings;
- the construction and remodeling of enterprises in the food and processing industry, trade, public nutrition, and personal services, and projects intended for production purposes, including land reclamation and the maintenance of land-reclamation systems, in areas of habitation by peoples with a small population size and on farms with a shortage of labor in the Nonchernozem Zone, Siberia, and the Far East; and expenses to resettle in rayons with a shortage of labor;
- the conducting of a state city-planning policy—the development of general plans for the comprehensive development of the territories of the local soviets; construction plans for new types of apartment and public buildings; normative-methodology justifications; and prospecting studies;
- expenses to develop local bases for the building industry and building materials;
- expenses involved in land-use measures, anti-epizootic measures, and measures to protect plants against pests and diseases; and in the maintenance of the veterinary and sanitation services;
- expenditures to train and retrain skilled specialists and workers, and also to carry out scientific-research and research-and-development operations of a branch-wide nature;

—subsidies to the prices of unprofitable output for the farm and enterprises situated in extreme natural and economic conditions, as well as the compensation for the expenses incurred by motor-transport enterprises when conveying passengers in rural localities that are not covered by the income; and for the paying of interest for credit.

Article 14. The right is granted to industrial enterprises and organizations, on the basis of a mutual understanding, to channel into the development of kolkhozes, sovkhozes, and enterprises of the agroindustrial complex and of peasant (individually managed) farms, a part of the output produced by them or a part of the obtained profit, which part is not subject to taxation.

There will be a two-year abatement from taxation for a part of the profit realized by enterprises and organizations in other national-economic complexes when changing over to the production of output for the agroindustrial complex.

For purposes of encouraging the development of subsidiary shops and subsidiary production entities at agricultural enterprises to assure the year-round employment rate of personnel, they are freed from the state tax on profit.

Article 15. The providing of the RSFSR agroindustrial complex with material-technical resources during the period of changeover to market relations is to be carried out in a first-priority procedure at the level of the state production order.

Enterprises for which a state production order is established for the production and delivery of output for the RSFSR agroindustrial complex are allocated the basic types of material-technical resources to guarantee the fulfillment of the production order and have established for them a preferential taxation for the profit obtained as a result of the implementation of the particular state production order.

In the event of undershipment by the enterprises of the output stipulated by the state production order to the republic's agroindustrial complex, they are to be fined by a nondisputable procedure for the amount of the damages incurred. The exacted fine is divided equally between the farm and the local budget.

#### **Section IV—Price Policy and Principles of Commodity Exchange**

Article 16. The state price policy is carried out with the constant observance of the equivalent exchange between agriculture and industry, and the other branches of the national economy, through a system of state purchase and contracted prices for agricultural output and raw materials; wholesale prices for means of production; material resources; and rates for services to the countryside.

State regulation of prices is preserved for agricultural output by means of the establishment of purchase prices

for individual types of output in combination with contracted prices and by means of a system of nonprice state support of agriculture.

In order to guarantee the parity of prices for industrial and agricultural output, a regular indexing of them will be carried out and agriculture will be compensated for the expenditures linked with a rise in the wholesale prices of material-technical resources and the rates for services.

Price increases to the retail prices of commodities sold by the consumer cooperative system are to be abolished as of 1 January 1991.

#### **Section V—Taxes and Interactions With the Budget**

Article 17. Kolkhozes, interfarm enterprises and organizations, sovkhozes, and other state agricultural enterprises, cooperatives, and peasant (individually managed) farms, pay a uniform land tax.

Newly created peasant (individually managed) farms are freed from taxation for five years.

Article 18. It is established that industrial and other enterprises and organizations whose workers live in rural localities make payment for the labor resources to the appropriate rayon, rural, and settlement soviets in the procedure established by RSFSR Council of Ministers. Such funds are to be used for the providing of social amenities to the countryside.

Article 19. Mandatory insurance of property, including sowings of agricultural crops, is abolished and is replaced, as of 1991, for sovkhozes, kolkhozes, tenants, peasant (individually managed) farms, and other agricultural enterprises by voluntary insurance.

#### **Section VI—Education, Culture, and Public Health**

Article 20. General educational schools of all types, including understaffed ones, are opened on the basis of a decision by the local soviets of people's deputies, proceeding from the population's need, without any limitation of the number of students. The instruction for schoolchildren of various ages in primary grades of rural understaffed schools is to be provided separately. The instruction curricula and methods in the rural school system take into consideration the peculiarities of agrarian labor and the way of life in the countryside.

Understaffed schools are closed only on the basis of a decision by a meeting of the citizens residing at the inhabited places, whose children are being instructed or can be instructed at the particular school.

Article 21. Vocational training and retraining of the rural population that has been made available as a result of the change in the employment conditions are provided by a system of state and cooperative institutions and organizations, and also on an individual basis. Special education with an agricultural emphasis is financed at the expense of budgetary funds.



A network of methodology centers is created at rural vocational-technical schools to provide training, retraining, and refresher training for worker cadres at the production site itself.

Article 22. Specialists in the social and cultural sphere, personal services, public health, public education, the sanitation and veterinary services, and physical culture and sport who work in the countryside have established for them salary and wage-classification rates that are 25-percent higher than the rates established for specialists engaging in those types of activity under urban conditions.

The local soviets of people's deputies can introduce additional increased coefficients to the wages paid to workers in the previously indicated occupations depending upon the territorial location of the educational, medical, and social-cultural institutions and the level of the socioeconomic development of the inhabited places, and can use a contract system for hiring specialists.

Article 23. Institutions of culture, physical culture, and sport that have budgetary funds as part of their income are freed from all types of payments to the local and the republic budgets.

Article 24. The benefits stipulated for workers in the agroindustrial complex, including the right to first-priority provision with housing and food products, extend to all categories of workers in education, culture, public health, and the law-enforcement agencies in rural localities.

Article 25. The procedure and conditions for issuing a lump-sum grant to set up a household, which procedure and conditions are established for specialists who have graduated from agricultural higher educational institutions and technicums, extend to the graduates of pedagogical higher institutions and schools and other specialists who have accepted jobs at rural educational, preschool, and nonschool institutions. The pedagogical workers at rural educational institutions are provided with books and other printed materials on a preferential basis, including the monetary compensation for this purpose in the amount of 10 percent of their earnings.

Article 26. The educational system in the countryside is financed on the basis of a series of quotas meeting the present-day requirements for supporting the educational process.

The financing of all forms of education to the volumes of the quota level is carried out by the state irrespective of the availability of additional sources of financial funds.

In order to finance target programs to develop education in the countryside, a republic fund from the RSFSR budget is being created.

Article 27. In the procedure established by legislation, plots of land are transferred to ownership by the rural educational institutions in the sizes that correspond to the needs of those institutions, including plots for the creation and development of training farms and subsidiary farms.

[Signed] B. N. Yeltsin, chairman of RSFSR Supreme Soviet, Moscow, House of RSFSR Soviets, 21 December 1990.

#### Decree on Law's Implementation

914A0315B Moscow SOVETSKAYA ROSSIYA  
in Russian 11 Jan 91 First Edition p 3

Decree: "RSFSR Decree on Implementation of RSFSR law: 'The Social Development of the Countryside'"

[Text] In conformity with the decree issued by the Congress of RSFSR People's Deputies, entitled "Program for the Rebirth of the Russian Countryside and the Development of the Agroindustrial Complex," the RSFSR Supreme Soviet decrees:

1. To implement the RSFSR Law "The Social Development of the Countryside" from the moment of its publication.

2. To instruct RSFSR Council of Ministers:

—to put the decisions of the RSFSR government into conformity with the RSFSR Law "The Social Development of the Countryside";

—to stipulate, in the budget for 1991, all the necessary items for expenditures that evolve from the Law that has been enacted;

—to guarantee, prior to 1 January 1991, the re-examination and repeal by RSFSR ministries, state committees, and departments of their normative acts that contradict this Law.

3. To consider the question of the rate of implementation of the RSFSR Law "The Social Development of the Countryside" at the fourth session of the RSFSR Supreme Soviet.

[Signed] B. N. Yeltsin, chairman of RSFSR Supreme Soviet, Moscow, House of RSFSR Soviets, 21 December 1990.

#### Lithuanian Law on Foundations of Social Security System

914A0351A Vilnius EKHO LITVY in Russian  
7 Nov 90 p 2

["Law of the Lithuanian Republic: On the Foundations of the Social Security System"]

[Text] The present law regulates the foundations for the state social security arrangements. The system of state social security is the basis for the social security of society. Along with this system there may exist in the state various public and private social security systems

whose functioning is regulated by laws regulating the activity of these organizations and enterprises.

### I. General Provisions

Article 1. State social security is a system of socioeconomic measures established by the state which grants the means and services necessary for the life of the residents of the republic, who for reasons envisioned by the law cannot provide for themselves through their work and other incomes or who are inadequately provided for.

Article 2. The state social security encompasses all residents of the republic. Citizens of the republic, including those in the state service of the Lithuanian Republic abroad and foreign citizens and persons without citizenship residing permanently in Lithuania have equal rights to social security unless otherwise stipulated by the laws of the Lithuanian Republic and interstate treaties.

Lithuanian citizens living permanently abroad have the right to social security if this is envisioned by interstate treaties.

Lithuanian citizens living temporarily abroad have the right to social security in keeping with the norms envisioned by the Law on State Social Security.

Article 3. In cases envisioned by the law, social security applies to:

- a) individuals who have or have not reached pension age, if they cannot work in their previous occupations;
- b) invalids and individuals temporarily unable to work;
- c) families who have lost their breadwinners;
- d) individuals in need of medical treatment, prevention, and rehabilitation;
- e) families with children;
- f) individuals temporarily out of work;
- g) individuals in need of state assistance.

Article 4. The system of state social security consists of:

- a) mandatory (state) social insurance;
- b) social security and social aids (assistance) at the expense of state funds.

Article 5. State social security funds are provided to residents of Lithuania who have lost all or part of their incomes related to employment if they are working or have the insurance (labor) tenure envisioned by the laws and in other cases envisioned by legislation.

State social insurance is regulated by laws of the Lithuanian Republic concerning state social security, pensions, employment, and other laws.

Article 6. State social insurance applies to:

a) individuals working under a hiring contract (work contract);

b) individuals working individually (members of peasant farms, representatives of free professions, and other individuals indicated in laws of the Lithuanian Republic); and also owners of enterprises that have the status of individuals (owning members).

The insurers are the employers and the insured themselves.

Article 7. Social security and social grants (aid) from state funds are applied when implementing the demographic, protective, ecological, and other state policies in order to guarantee or improve support for certain groups of the population.

Social security and social grants (aid) from state funds are regulated by the laws of the Lithuanian Republic on guarantees of incomes of the population, employment, pensions, and other laws.

Article 8. The level of state security established by the state cannot be lower than the minimum standard of living unless otherwise envisioned by the law.

### II. Means of the State Social Security System

Article 9. State social insurance of the Lithuanian Republic operates as an independent unit of the financial and credit system, whose basis is the social insurance budget of the Lithuanian Republic.

The Lithuanian Republic social insurance budget is independent and is not included in the state budgets or the budgets of the self-administrations of the Lithuanian Republic.

Article 10. The rates of contributions for state social insurance are established by the Government of the Lithuanian Republic.

Article 11. Insurance payments envisioned by the law on state social insurance are paid from the social insurance budget of the Lithuanian Republic.

Article 12. The following social security measures are financed by the state budget of the republic:

- a) pensions and stipends are paid to military servicemen and individuals on an equal footing with them, disabled war and military service veterans, and members of their families in keeping with the corresponding laws of the Lithuanian Republic and interstate agreements;
- b) social pensions are paid as are pensions to individuals who are not insured under state social insurance or whose time periods are less than those envisioned by the law on pensions and also other payments established by law.

Article 13. Social grants (aid) are allotted from the budgets of the self-administrations of the Lithuanian Republic, with which:



- a) grants are paid for support of the family;
- b) measures for social patronage and guardianship are financed as are local measures to eliminate unemployment which are envisioned by the Lithuanian Republic law on employment.

Article 14. Institutions for patronage and guardianship (boarding schools) are maintained at the expense of the state budget and the budgets of local self-administrations, depending on their jurisdiction.

Article 15. Permanent payments envisioned by the laws on social security are indexed according to the procedure established by the law on guarantees of incomes of the population.

### III. Social Security Institutions and Their Functions

Article 16. The Ministry of Social Protection develops and implements the social policy of the state, clarifies the laws on social security, performs other functions envisioned by the provisions on the ministry, and also bears responsibility for the functioning of the social security system.

Article 17. The Ministry of Social Protection and social security institutions accredited according to the procedure established by the government, like those under local self-administrations, implement measures envisioned by the law on state social security and, on instructions from the government, assign and make payments established in Article 12 of the present law.

Article 18. Self-administrations carry out the functions of patronage and guardianship, solve problems related to rendering aid and service to individuals in need of social protection, and organize the implementation of measures envisioned by Articles 13 and 14 of the present law.

Self-administrations may use their own funds to establish additional benefits for individuals in need of aid.

Article 19. Insurers implement the measures of state social security which are delegated according to the procedure established by law by the state social security institution.

Article 20. Disputes arising in social security relations are resolved according to the procedure established by law.

[signed] Deputy Chairman of the Lithuanian Republic Supreme Soviet B. Kuzmitskas, Vilnius, 23 October 1990.

### Economist on Armenian Draft Economic Sovereignty Concept

914A0296A Yerevan GOLOS ARMENII in Russian  
16 Nov 90 p 1

[Article by Candidate of Economic Sciences S. Papyan, senior scientific associate of the Caucasian Department of the All-Union Institute of Mineral Raw Materials Economics: "The State and the Market"]

[Text] A draft concept of the economic independence of Armenia which was awaited with great interest makes it

possible to state that, unfortunately, the draft is of a declarative nature on quite a number of positions, despite protracted and thorough preparations and its impressive volume.

This primarily applies to fundamental chapters of the draft such as: "The Foundations of Entrepreneurship," "Planning and Regulation," "Investment Policy," and "Foreign Economic Contacts and Relations with the Armenian Community Abroad." Even in Chapters 18 and 19, where it would appear specifics can hardly be avoided, approximate deadlines for the implementation of the measures planned are virtually not specified in the course of describing the stages and conditions of a transition to economic independence.

While I do not have an opportunity to make detailed statements about all the chapters of the draft, I would like to point out a number of aspects which appear to me to be very important from the standpoint of the development prospects of Armenia.

It is obvious that the attainment of economic independence is not an end unto itself but a means to solve difficult problems which the republic is facing. It is also difficult to take issue with the statement that overcoming the crisis is only possible by switching to a market-based mode in the economy. The only question is how to accomplish this in a situation when, apart from all-Union factors, local factors make conditions for reproduction considerably worse—the consequences of the earthquake, refugees, the closure and change of output mixes at several leading enterprises due to ecological considerations, an unstable socio-political situation, and so on. A bouquet of complications that "original" can hardly be put together anywhere else.

Nonetheless, we should count primarily on our own energies even under these most difficult circumstances.

Demonopolizing the economy will greatly facilitate the invigoration of these energies, the formation of the subjects of market relations, and the ultimate dismantling of the command economy. Apparently, demonopolization may be carried out by way of an entire complex of legislative, economic, and organizational measures which provide, first, for the decentralization, deconcentration, and denationalization of the economy, and, second, intensification of efforts to plug the republic into world economic relations by vigorously interacting with foreign capital and the world market.

The experience of the world shows that the more varied the arsenal of devices and techniques for the state regulation of the economy, the more effective the results of it are. Only in this case is a potential opportunity created to respond flexibly to all changes in the process of reproduction, and the high adaptability of the economic mechanism ensured.

From this point of view, it appears inexpedient to include in the final version of the concept the following provision: "Directive-based specific-unit planning of the operation of enterprises in the Armenian SSR [Soviet

Socialist Republic] is abolished," all the more so because somewhat lower, in Point 4.7, the specificity of state orders for enterprises which belong to the republic or the local soviets is quite justifiably mentioned.

The doubtless flaws and shortcomings of current planning can hardly be construed as a weighty foundation for the absolute negation of the potential of directive planning. Let us add that its elements have been used quite effectively in a number of capitalist countries (for example, in France in the post-war period).

Improving the effectiveness of state regulation at the macro level should be accompanied by a resolute but well-conceived privatization at the micro level of the economy. In this sphere, it is necessary to use to the maximum the predisposition of the Armenian people toward entrepreneurial activities. In this reference, the results of a poll taken by the USSR State Committee for Statistics last year are understandable. According to these data, the number of proponents of cooperative and individual labor activities exceeded the number of its opponents only in Armenia, Estonia, and Latvia. In Armenia and Estonia, the percentage (more than 35 percent) of people who have used the services of cooperatives or the individual sector is the highest.

Along with the demonopolization of the economy, it is quite necessary to undermine the monopoly of incompetence and nepotism which has extensively permeated all aspects of our life and harms the republic just as much. Extensively tapping foreign capital, the only driving motive of which is to generate profits, is a realistic way to overcome this variety of monopoly.

The set of needed ministries appears to be somewhat different to us from that cited in the draft concept (Point 17.2), taking into account the quite acceptable delineation of the objects of state and other forms of property made in the draft concept (Point 2.4, 2.5), as well as proceeding from the key role of the state in macroeconomic regulation and the principle of freedom for entrepreneurial activities. In the sphere of production and economic activities, these are the Ministries of Economics, Transportation, Communications, Mining, and Foreign Trade; in the sphere of social policy, these are the Ministries of Health Care, Labor, Culture and Denominations, Education, and Tourism and Sports; in the sphere of performing general management functions, these are the Ministries of Finance, Foreign Affairs, Internal Affairs, National Security, and Justice; the Committee for Planning and Statistics; the Committee for Environmental Protection.

As I see it, the provision of the draft on the direct subordination of the Armenian Bank to the Council of Ministers of the republic (Point 17.2) is absolutely unacceptable. This issue has already been raised many times

at the Union level as well. As a rule, in developed capitalist countries the central bank is independent of the government and reports directly to the parliament. Operating on its own, on a commercial basis, the Armenian Bank will turn from a cashier of the government into its partner on an equal footing. It will be able to make an independent assessment of the condition of the economy and make its own recommendations, thus facilitating an improvement of efficiency in the entire economic mechanism.

The following additions also appear important in principle.

Point 2.6: "...with the consent of the Supreme Soviet" and further add "guaranteeing their legal defense."

Point 3.13 "Prices are regulated by the demand-supply ratio", and further add "as well as by the state if necessary" because in the chapter "Price Setting," there is a reference to state (fixed) prices and tariffs.

Point 19.5. "Any other direct interference in the production operations of enterprises (except ecological control and monitoring the quality of products)" would be better worded as "(except for ecological control, the control of quality of products and working conditions)" because regulations concerning a number of provisions on working conditions fall directly within the jurisdiction of state organs.

Unfortunately, a number of annoying editorial mistakes are found in the draft. In Point 14.2, instead of "can" it should most likely be "cannot"; in Point 15.3—"...which regulate."

To me, the tenth paragraph appears to be nothing but mishmash.

A concept usually presupposes a short outline of the main plan or idea. Judging by the draft, we actually aimed at preparing an extensive, voluminous document the content of which is reminiscent of a program rather than a concept. However, as I see it, in the process we neglected the main characteristic feature of programs—outlining specific ways to solve our specific problems and deadlines for carrying out the measures planned.

Relying on ourselves, participating vigorously in the international and intra-Union division of labor, and applying the foreign experience of managing a mixed economy skillfully in peculiar local conditions, are the three main conditions successful compliance with which may create prerequisites for the restoration and profound restructuring of the economy of Armenia.

## **Estonian Legislation on Privatization of State Enterprises**

### **Text of Law**

914A0330A Tallinn SOVETSKAYA ESTONIYA  
in Russian 20 Dec 90 p 3

["Law of the Estonian Republic on the Privatization of State Enterprises Engaged in Personal Services, Trade, and Public Catering"]

[Text] This law deals with the privatization of property located on the territory of the Estonian Republic and enterprises engaged in personal services, trade, and public catering and belonging to the state, effected in the form of sale, including the sale of this property for joint ownership by citizens. This law distinguishes between the object and the subject (purchaser of property) of privatization.

### **Article 1. The Object of Privatization**

(1) This Law deals with privatization in the form of real estate and property belonging to state enterprises engaged in personal services, trade, and public catering, or in the form of real estate pertaining to the structural subdivisions and complete technological objects of those enterprises, provided that the value of the property of a privatized unit does not exceed R500,000 of the enterprise's startup capital.

(2) Lists of objects for privatization are compiled by the Estonian Republic Department of State Property (referred to hereinafter as the Department of State Property) at the suggestion of organs of units of self-government at the primary level for the place where an object is located, and also of the ministers and state departments of the Estonian Republic.

Lists of objects for privatization are confirmed by the government of the Estonian Republic.

(3) The following are not available for privatization under the provisions of this Law:

1) land and mineral resources beneath it, air space above the territory of the republic, internal and territorial bodies of water, the continental shelf, forest, and other natural resources; their privatization is regulated by other laws of the Estonian Republic;

2) property belonging to citizens or associations of citizens that was subject to compulsory alienation after 16 July 1940, before the resolution of questions pertaining to the return of such property to its owners or payment of compensation to them.

### **Article 2. The Purchaser of Privatized Property**

(1) In accordance with this law, any person who has been a permanent resident in Estonia for at least 10 years and has attained the age of 18 years may be a purchaser of privatized property, and also enterprises that they have founded and are based on joint ownership and registered in accordance with procedure laid down by

enforceable enactments of the Estonian Republic, and also production cooperatives and personal services cooperatives (except for kolkhozes [collective farms]) and lease enterprises.

(2) Participation in privatization by other citizens residing in the Estonian Republic, and also citizens and organizations of other states, is regulated by a separate law.

### **Article 3. Organization of Privatization and Putting It Into Effect**

(1) Privatization is organized and effected by the Department of State Property in cooperation with local self-governments.

(2) At the suggestion of a soviet of local self-government at the primary level for the place where privatized property is located, the Department of State Property has the right to offer preferential right of purchase of property provided that further purposeful use of that property occurs, to the workers at a privatized enterprise or to citizens residing permanently in the city, volost, or uyezd for the place where the property is located, giving due consideration to the limitations set forth in Article 2, Part (1) of this law. In the case of objects whose region of service is more extensive than the administrative territory of the local self-government at the primary level, the matter must be agreed with the executive committee of the uyezd or city.

(3) Privatization is carried out in accordance with the procedure for the sale of real estate or stocks.

The sale of real estate is as a rule done by auction, giving due consideration to the preferential right of purchase as set forth in Part (2) of this article. At the suggestion of the soviet of the local self-government at the primary level, and in the case of objects whose region of service is more extensive than its administrative territory, at the suggestion of the uyezd or city executive committee, the sale of property may take place under procedures dealing with competition between commercial ideas.

(4) The Department of State Property sets the initial price of privatized property on the basis of calculated prices indicated by various experts.

(5) In privatization of property in the form of sale by auction, up to one-third of the shares can be sold to the workers of privatized enterprises under preferential conditions and prices set by the Department of State Property.

### **Article 4. Period of Validity of a Contract for the Rent or Hire of Property Connected Technologically With the Privatization of Property.**

If less than five years remains to the end of the period of validity of a contract for the rent or hire of property (premises, tracts of land, and so forth) connected technologically with the privatization of property, whereby the right of ownership is to be transferred, the renter or lease holder of state or municipal property is obliged to conclude a new

rental or leasing contract with the owner of the privatized property for a period of at least five years.

**Article 5. Transfer of Right of Ownership of Privatized Property.**

Right of ownership of privatized property is transferred to the purchaser on the basis of a written contract concluded between the purchaser and the Department of State Property, establishing the following:

- 1) the date of the transfer of right of ownership;
- 2) the obligations of the purchaser of the property to make purposeful use of the property for a period of up to five years, with questions pertaining to purposeful use of property being decided by the soviet of the local self-government at the primary level at the place where the property is located, and in the case of objects whose region of service is more extensive than the administrative territory, by the uyezd or city executive committee;
- 3) the economic contracts concluded by the privatized enterprise and the rights and obligations carried over to the assignee;
- 4) the other obligations of the parties;
- 5) the liability of the parties for breach of contract.

**Article 6. Termination of a Labor Agreement With Workers at a Privatized Enterprise.**

A labor contract with the workers at a privatized enterprise or its subdivisions can be terminated by the new owner if necessary under the procedure applicable to the liquidation of an enterprise if no other provision has been made as indicated in Article 5 of this law. Costs connected with the termination of a labor agreement are borne by the Social Fund of Estonia.

**Article 7. Use of Sums Received From the Privatization of State Property.**

(1) Sums received from the privatization of property are transferred to the reserve funds of the Estonian Republic formed by the Government of the Estonian Republic. Matters pertaining to the use of these sums are decided by the Estonian Republic Supreme Soviet.

(2) Sums received from the privatization of property shall not be used to cover any budget deficit.

[Signed] A. Ruutel, chairman of the Estonian Republic Supreme Soviet, Tallinn, 13 December 1990

**Decree on Law's Implementation**

914 10330B Tallinn SOVETSKAYA ESTONIYA  
in Russian 20 Dec 90 p 3

[*"Resolution of the Estonian Republic Supreme Soviet on the Entry Into Force and Application of the Law of Estonia: 'On the Privatization of State Enterprises Engaged in Personal Services, Trade, and Public Catering'"*]

[Text] The Estonian Republic Supreme Soviet resolves as follows:

1. To bring into force the law of the Estonian Republic: "On the Privatization of State Enterprises Engaged in Personal Services, Trade, and Public Catering" with effect from 1 January 1991. The government of the Estonian Republic will guarantee application of this law in accordance with the principles of the reform of property in the Estonian Republic.

2. To establish that the law of the Estonian Republic "On the Privatization of State Enterprises Engaged in Personal Services, Trade, and Public Catering" can be applied experimentally as follows:

1) in privatization of state enterprises engaged in personal services, trade, and public catering, and also corresponding economic objects whose startup capital or share of the value of property in the startup capital exceeds 500,000 rubles [R].

2) in privatization of state enterprises in particular sectors of the economy or their structural subdivisions regardless of the size of startup capital.

3. The list of enterprises privatized in accordance with Point 2 of this resolution is confirmed by the Estonian Republic Supreme Soviet Presidium upon representation by the government of the Estonian Republic after the list has been reviewed in the Estonian Republic Supreme Soviet Budget and Economic Commission.

4. To assign the government of the Estonian Republic the following tasks:

1) to start the privatization of state property at state enterprises engaged in personal services, trade, and public catering;

2) to submit to the Estonian Republic Supreme Soviet by 15 December 1990 proposals to bring existing laws of the Estonian Republic into line with the law of the Estonian Republic "On the Privatization of State Enterprises Engaged in Personal Services, Trade, and Public Catering,";

3) to draw up and submit to the Estonian Republic Supreme Soviet by 15 January 1991, a draft law to regulate matters arising from an exercise of right of ownership by citizens and organizations of other states within the Estonian Republic; the government of the Estonian Republic is to resolve these questions,



including those pertaining to the privatization of state property, before this law goes into force;

4) to submit to the Estonian Republic Supreme Soviet Presidium by 1 January 1991, a list of enterprises, proceeding from Point 2 of this resolution.

5) to devise measures to guarantee employment and retraining for workers deprived of a place of work as a result of privatization.

5. To assign the government of the Estonian Republic and the Bank of Estonia the task of drawing up principles and procedures for using the sums received from privatization for the reserve funds of the Estonian Republic and to submit them to the Estonian Republic Supreme Soviet Presidium by 31 December 1990 for confirmation.

[Signed] A. Ruutel, Chairman of the Estonian Republic Supreme Soviet, Tallinn, 13 December 1990

#### **Ukrainian Decree on Unity of State Production, Service Orders**

914A0298A Kiev RADYANSKA UKRAYINA  
in Ukrainian 19 Oct 90 p 1

[Resolution of the Supreme Soviet of the Ukrainian SSR on the Introduction on the Territory of the Ukrainian SSR of a Single State Order for Production, Execution of Work (Services)]

[Text] Guided by the Declaration of State Sovereignty of the Ukraine and the Law on the Economic Sovereignty of the Ukrainian SSR, the Supreme Soviet of the Ukrainian Soviet Socialist Republic resolves:

1. To introduce on the territory of the Ukrainian SSR for businesses, associations and organizations, regardless of the departmental authority to which they are subjected and their form of ownership, a single state production and service order, in order to ensure fulfillment of the state needs of the republic, execution of inter-republican agreements and delivery for export of the most important material-technical resources and protection of the interests of the economy of the republic in the period of the shift of the economy to the market system.

To ascertain that the filling of the state order is assured by essential material-technical resources and services.

2. That the Council of Ministers should quickly determine the volumes of the single state order in which, as an exception, to foresee for the needs of oblast and the Kiev and Sebastopol city councils of people's deputies an order in the volume of up to two per cent of general production on their territory of every type of finished product in the event of an increase of its volumes.

[Signed] Chairman of the Supreme Soviet of the Ukrainian SSR L. Kravchuk, Kiev, 15 October 1990

#### **Decree on Privatization of Leningrad Enterprises**

914A0306A Leningrad LENINGRADSKAYA  
PRAVDA in Russian 28 Dec 90 p 2

[Decree of the USSR Council of Ministers on the Conversion of State Enterprises in Leningrad and Leningrad Oblast to Stock Companies and to Enterprises With Other Forms of Ownership; accompanying commentary by Yu. Strugach: "The Privatization Project: Some Want To Work—Others To Administrate"]

[Text] As we have previously announced, the USSR Council of Ministers has passed a decree which for the present pertains exclusively to Leningrad enterprises, but which, in the opinion of many managers, has "historical and revolutionary implications" for our economy. In connection with the adoption of this decree, the Union of Associations of Leningrad Enterprises held a press conference yesterday evening to discuss special aspects involved in implementing the measures called for in the decree with regard to the circumstances as they have developed and to prospects for the transfer of property ownership to the labor collectives. First of all, we believe, our readers will be interested in acquainting themselves with the decree itself—the full text of which follows.

For the purpose of implementing measures for the divestiture and privatization of state property, and in order to provide basic guidelines for stabilization of the national economy and its conversion to a market economy, the USSR Council of Ministers resolves:

1. To support the proposal of the Leningrad city and Leningrad Oblast soviets of people's deputies and the Union of Associated Enterprises, representing enterprises in the fields of industry, construction, science, transport, and communications in Leningrad, to carry out a series of measures for their conversion to various forms of ownership, including the transformation of state enterprises (associations) into stock companies in accordance with Decree No. 590 of the Council of Ministers dated 19 June 1990, and with regard to the creation of a free enterprise zone in Leningrad.

2. To accept the proposal of the Leningrad city and oblast soviets of people's deputies, in concurrence with the RSFSR Council of Ministers, to form a foundation for the disposition of state property to be known as the Leningrad State Fund (Lengosfond), a body authorized to resolve matters pertaining to the divestiture, privatization, and management of state enterprises which are situated either in Leningrad or Leningrad Oblast, and are presently subordinate to the Union, republic, or local government.

3. In accordance with the USSR law: "On Property Ownership in the USSR" and the Ukase of the President of the USSR: "On the Formation of the USSR State Property Fund," Lengosfond is charged with carrying out the following basic functions:

- protecting property rights and the interests of proprietors of state property in Leningrad and Leningrad Oblast;
- establishing a procedure as provided for by law for the disposition and management of state property;
- working out a system for the divestiture and privatization of property;
- appraising the value of state property subject to privatization;
- arranging for the sale and redemption of property belonging to state enterprises;
- drawing up a list of enterprises not subject to divestiture and privatization.

4. To arrange for Lengosfond to implement decisions regarding divestiture and privatization of enterprises in Leningrad through enterprise labor collectives, their higher organs of power, the Leningrad city or oblast soviets of people's deputies, or on their own initiative.

Decisions regarding the divestiture and privatization of enterprises subordinate to Union, republic, or local government are to be made only with the approval of the Lengosfond council, acting on behalf of the appropriate Union, republic, Leningrad Oblast, or city government agency.

5. In the process of implementing the divestiture and privatization of government property, Lengosfond is authorized to act as follows:

To grant labor collectives and their members a priority in the acquisition of property or of shares of stock, under preferential conditions as warranted;

To effect the transfer without charge of fully amortized production assets, communal and cultural facilities, and other property acquired with enterprise funds from profits after their conversion to full-scale cost accounting and self-financing to the ownership of the labor collectives;

6. Lengosfond is further authorized, with the approval of the State Commission on Economic Reform of the USSR Council of Ministers, and with the participation of other permanent bodies of the Council, to devise the regulations under which Lengosfond is to operate and to submit them to the USSR Council of Ministers.

Following ratification of the Regulations Governing the USSR State Property Fund, Lengosfond and the Commission on Economic Reform of the USSR Council of Ministers is to submit proposals for the further revision of the legal procedures applicable to this activity.

7. Lengosfond is instructed to maintain stringent oversight control over the process of divestiture and privatization of property, mindful of preventing any infringement of the legitimate interests of private owners and labor collectives, and precluding the possible misuse and diversion into

legitimate channels of funds derived by unlawful means, while endeavoring to inform and engage a broad spectrum of the public in pursuit of these ends.

#### [Commentary]

After reading over this document, the first question to arise in the mind of one who is not an expert is perhaps quite simple: What benefits will these measures bring in the final account to the labor collectives and each individual worker? G. S. Khizha, president of the Union of Associations and director-general of Svetlana Association, responded to this question in a way that may be summarized as follows: The changeover to various kinds of property ownership will give enterprises the independence to transfer property to those who can develop it, thereby making it possible to raise production efficiency.

It must be acknowledged that despite the stormy debate of recent months about the market economy, by comparison with the cooperatives and organizations that are operated along similar lines it is the state enterprises that have fared the worst. The breakdown of the system of material and technical supply, accompanied by the disruption of economic ties that have existed for many years between enterprises and regions, coupled with mistakes and errors in restructuring the planning and direction of the national economy, have together had an extremely negative impact on the functioning of the major associations. Under these conditions, managers in Leningrad have even tried to gain independence and to rid themselves of direct departmental supervision by converting to privatization.

Among those appearing at the press conference was V. I. Kharchenko, head of the Baltic Steamship Line; I. V. Konoval, director-general of the Tekhnokhim concern; Yu. P. Kozhukhovskiy, chairman of the Leningrad Construction Committee; and S. B. Petrov, director of the Baltic plant imeni V. N. Shershnev and general director of the Mayak Association. They underscored the fact that implementation of this decree will entail a fundamental restructuring of relations both within and between enterprises, and that under the circumstances the labor collectives are scarcely going to let anyone interfere with the process of managing production.

The last observation was not an idle remark. It is common knowledge that a group of deputies of the Leningrad Soviet headed by P. S. Filippovyy has prepared a draft resolution for submission to the soviet, which not only raises doubts regarding the lawfulness of the government document, but distorts certain of its provisions, and even distorts the sense of it as a whole. Generally, in reading over this draft, which is due for discussion during the current session, one is struck by the profound and pervasive ignorance shown by its authors with regard to the proposed restructuring of the Leningrad economy.



One of the persons participating in the press conference, however, gave a different appraisal of what has happened. "On the contrary," he said, "this conception of what we are doing is a real step in the direction of independence for the enterprises and towards normal economic relations. This is simply one more attempt to intervene in the process of controlling production." Thus even in this regard there is no way to get along without political hairsplitting, especially when the matter concerns the distribution of property.

It should not, of course, be supposed that the decree on privatization and shareholding ownership will transform production and our lives right away. The path ahead is long and will not be easy to traverse. First of all, we must master the ABC's of the new property relations. But that is all the more reason why it is necessary to begin as soon as possible to have the workers become the complete masters of the means of production, and to bring to a halt any further decline in the volume of production, enterprise work stoppages, the uncontrolled rise of prices, and the cutback in social programs.

This appeal was made by the members of the Union of Associations, representing enterprises in the fields of industry, construction, science, transport, and communications, in a declaration addressed to the labor collectives of Leningrad and Leningrad Oblast,

#### **Belorussian Decree on Transition to Market Economy**

914A0306B Minsk SOVETSKAYA BELORUSSIYA  
in Russian 17 Oct 90 p 1

[Decree of the Belorussian SSR Supreme Soviet on the Transition of the Belorussian SSR to a Market Economy; issued in Minsk on 13 Oct 1990]

[Text] The Supreme Soviet of the Belorussian SSR resolves:

1. To approve the proposals of the republic government and the basic tenets of the program for the conversion of the Belorussian SSR to a market economy, commencing 1 November 1990.

2. Guided by the Declaration on State Sovereignty of the Belorussian SSR, the Belorussian SSR Council of Ministers is instructed, with due regard for the proposals and criticism submitted, to work out the specific provisions of the republic program.

3. The Supreme Soviet resolves to propose to the Supreme Soviets of the other republics the immediate establishment of an inter-parliament commission to work out obligatory rules of conduct within the bounds of the common market economy.

4. The Belorussian SSR Council of Ministers is further instructed to perform the following actions:

- to work out and present for review by the next session of the Belorussian SSR Supreme Soviet a practical

plan of action designed to implement the program for the conversion of the Belorussian SSR to a market economy, while providing social protection for republic citizens;

- to prepare and submit to the Supreme Soviet of the Belorussian SSR drafts of the legislative acts required to carry out the program in accordance with proposals of the standing commissions and the people's deputies;

- on the basis of the decisions of the Supreme Soviet of the Belorussian SSR on the conversion of the republic to a market economy, and with due regard for the discussion of the draft program that has taken place, to complete preparation of the plan and a budget for 1991;

- to carry out the necessary explanatory work among the people of the republic with regard to the essential content, objectives, and tasks involved in the transition to a market economy.

[Signed] N. Dementey, President, Supreme Soviet of the Belorussian SSR

#### **Ukrainian Decree on Abolition of State Acceptance of Production**

914A0306C Kiev PRAVDA UKRAINY in Russian  
21 Oct 90 p 1

[Decree of the Ukrainian SSR Supreme Soviet on Abolition of State Acceptance of Production; issued in Kiev on 15 October 1990]

[Text] In view of the necessity of increasing the influence of economic factors on the quality of production, housing construction, and other facilities for serving social needs, the Supreme Soviet of the Ukrainian SSR resolves:

1. To abolish state acceptance of products at enterprises and associations situated within the territory of the Ukrainian SSR.

2. The Ukrainian Republic Bureau of the USSR State Committee for Standards, oblast executive committees, Kiev and Sevastopol city executive committees, and enterprise and association managers are instructed to provide for the employment of workers presently in organs of state acceptance in accordance with existing legislation.

3. The UkSSR Council of Ministers is instructed to provide for the implementation of state supervision of the quality of production at enterprises and associations where state acceptance has been abolished.

4. This decree shall enter into force from the day of its publication.

[Signed] L. Krabchuk, President of the Supreme Soviet of the Ukrainian SSR

**Kazakh Politburo Member on Center-Republic Relations**

914A0300A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 15 Sep 90 p 2

[Report on press conference held by S.M. Bayzhanov, a member of the Politburo of the Communist Party of Kazakhstan Central Committee and Central Committee secretary, by V. Shatskikh: "The Market Is Drawing Closer and Closer: Notes From a Press Conference"]

[Text] Why do the gold miners of Pavlodar and Tselinograd live in slums?

Will Kazakhstan have its own Ministry of Defense?

The subsistence minimum in the republic is 100 rubles [R] a month. Is this to say that the scholarships of students will be doubled soon?

Journalists from our republic put these and many other questions to S.M. Bayzhanov, member of the Politburo of the Communist Party of Kazakhstan Central Committee and Central Committee secretary, during a recently held press conference.

**'Down With Monopolism!'**

The issues of preparing the economy of the republic for a transition to market relations and the issues of sovereignty of the Kazakh SSR [Soviet Socialist Republic] were the main topics of discussion.

It is no news to anyone that the central departments plunder our republic. They dispose of its land and mineral wealth as they see fit—I almost wrote "as masters." If only it were "as masters..."

Last year, the Ministry of Defense requested 30,000 hectares of land in the area of Saryozek in order to destroy SS-20 missiles. This is a huge area, as large as that of an entire state farm; previously, however, no one verified how justified such requests were. Besides, the polite word "request" does not quite fit... This time, they verified it. It turned out that 15 times less land was needed. This is how much was allocated.

If only the issues of economic relations between the center and the republics were that easy to solve. However... Responding to a question concerning opportunities to set up free economic zones in Kazakhstan, Sabit Mukanovich Bayzhanov said that it is planned to set up such zones in the area of the Tengiz and Karachaganak deposits, and in the long run, it is intended to proclaim the cities of Shevchenko, Kapchagay, and Dzhezkazgan free zones, open for direct cooperation with foreign partners.

A journalist from LENINSKAYA SMENA asked: "When will this happen? There has been talk of it for more than a year now, but there has been no movement..."

At this point, S.M. Bayzhanov admitted: "Moscow has given a 'thumbs-down' to all our proposals to this effect. I did not want to discuss this... However, in principle, the issue of Tengiz has been resolved."

However, once again, "in principle" is not quite comprehensible. The main issue is when. From 1 January on? From 1 July? The journalists did not get a precise answer, perhaps, because there is simply no answer, because this does not depend on only the republic authorities.

We would very much like to know when the implementation of a good idea will begin whereby enterprises reporting to the Union (more precisely, those that are now considered as such) will have to pay main taxes to the budget of the republic. So far, we have retained scraps. The new practice is very much in the limelight and has been glorified in all the mass media. However, the foremost issue is once again: When are we going to begin? Once again, there is no direct answer. We must await developments in the Kremlin, at the USSR Supreme Soviet session.

A market economy and sovereignty—these two notions are most closely intertwined for the inhabitants of Kazakhstan. The republic will remain a raw-material appendage of the "Center" if it does not have the genuine freedom to manage its mineral wealth and assign priorities in economic and social development.

**Pouring Cold Water on Everyone?**

The country and the republic will switch to market relations in three and a half months. Less than a quarter remains until the day that has everyone scared, the day when prices will be "turned loose" and everyone will have to show what he is capable of under these conditions of free entrepreneurship that are so inconvenient for most of us. Our readers asked us painful and sensitive questions in their letters. In turn, journalists put these questions to those on whom decisionmaking depends:

"They no longer conceal from the populace that there will be considerable unemployment once we switch to market relations. Have protective measures been thought through?"

S.M. Bayzhanov answered: "They have been thought through, and two main avenues have been envisaged. The first one is the payment of benefits that should amount to 70 percent of the average wage in the first three months of forced unemployment of a worker, 60 percent for another three months, and 50 percent for the next half-year. If a person is unable to find a job within one year, he will be granted certain rent reductions, a one-time financial grant, and so on.

"The second avenue is to retrain people and to set up an extensive system of courses, training academies, and vocational schools that will teach professions in demand in the labor market. We will also open labor exchanges, provide computers for them, and create a data base on

the status of demand and supply in the labor market. Privatizing small state enterprises will provide considerable opportunities. Anybody who so wishes will be able to start his business: Open a tailor shop, a barber shop, a canteen, or a small store."

A question:

"At present, the social situation in rural areas is difficult. There is a shortage of fuel, materials for construction and repairs, and all necessities in general. Earnings are low. There are fears that the situation will deteriorate even more."

"Unfair procurement prices at which farm goods are bought from rural residents are the main reason. They are dirt-cheap. Justice will be restored when a transition is made to market relations."

A question by KAZAKHSTANSKAYA PRAVDA:

"However, if procurement prices in agriculture are 'set free' and left to the discretion of the market, whereas prices for foodstuffs in stores are 'frozen,' as intended, tremendous state subsidies will be required. Once again, we will be taking it from one pocket and putting it in another. Would it not be more reasonable to pay compensation to low-income individuals (in the form of retirement benefit adjustment and so on) without freezing prices?"

S.M. Bayzhanov believes that "determining the magnitude of such compensation and, in general, indexing the income of the populace is a complex endeavor. Sociologists have looked into this issue. You see, families differ, and relations within them differ. There are absolutely no guarantees that extra payments will reach their addressees. On the contrary, some people will be unfairly shortchanged. This is precisely why 'freezing' prices for food staples appears to be more promising."

A question:

"We have not switched to market relations yet, but prices in stores have already soared. Tomato juice in our shop has become twice as expensive, plum-cake used to be R2 per kilo, and now it is R4.50..."

"Indeed, such price increases have occurred. In your case, this has to do with the shop buying goods from suppliers at contract prices, and being forced to sell them with a surcharge for this reason. In the process, an improvement in product quality should be a mandatory condition. Unfortunately, this has not necessarily been the case. Demand exceeds supply, and this is why it is not buyers that are pampered in our country, as is the case throughout the world, but rather sellers."

#### Our Helmsman With a Calculator

The answers of S.M. Bayzhanov to questions on whether the party itself will become involved in commercial activities in a market environment were quite unexpected and, therefore, interesting.

Sabit Mukanovich [Bayzhanov] said: "We have already engaged in commerce, and we are doing it with increasing vigor. For example, we rent 90 rooms in the official hotel 'Dostyk' to foreigners for hard currency. Our plans include engaging in advertisement. There are also secrets that I cannot divulge yet because they are commercial secrets."

A correspondent of the magazine AVTOMOBILNYY TRANSPORT KAZAKHSTANA asked: "How low have we stooped, Sabit Mukhanovich? Markets, commerce, private stores... We, those gathered here, were not born yesterday, and we understand full well that the restoration of capitalism is under way. This way, it may come about that people are dismissed from their jobs for being CPSU members."

S.M. Bayzhanov explained that during the years of Stalinism and stagnation state ownership of the means of production rather than public ownership was asserted in our country. The people were not masters of either their labor or its results. We are now returning to common sense and embarking on a path that all developed countries have followed. Only economically free, emancipated people are capable of ensuring prosperity for themselves and the country. The other way dead-ends, and we know about this not from fiction alone.

S.M. Bayzhanov noted: "However, concern with the people and meeting their needs in the best possible way continues to remain the goal and the main task of our party."

My personal feelings after the press conference were mixed. On the one hand, I learned many interesting things; on the other hand, a correspondent from the republic radio was right to a degree. He stated in front of a microphone in the hall that there are two answers to the question "What is two times two." The first answer is that it is four. General reflections on the significance of the multiplication table are the second answer.

Now about the questions that were asked in the beginning of these notes.

Apparently, it is obvious that the situation whereby workers and specialists employed in gold mining live worse than even local shepherds and farmers is paradoxical. However, on the other hand, the nearby shepherds would not be impoverished either if they had an opportunity to control the products they turn out themselves... It is just that the example with gold miners is the most glaring and graphic; the establishments take everything away, leaving pathetic crumbs to the producers.

The answer to the question about our own Ministry of Defense was unambiguously negative. There is no need for that. Internal troops, indeed. Work may be found in the republic for the soldiers of construction battalions drafted from Kazakhstan; there is no need to send them to faraway locations. As far as "the armed forces of Kazakhstan" are concerned, their formation is not envisaged any time soon.

The last item—about scholarships for students.

S.M. Bayzhanov said: "We may pay them R100, as well. The main point is that they should study well."

### **Kazakh Law Against Unauthorized Seizure of Properties**

914D0124A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 14 Dec 90 p 1

[Kazakh SSR Law: "On Increasing Liability for Unauthorized Seizure of Houses, Apartments, Garden (Dacha) Buildings, and Other Premises, and Also Unauthorized Seizure of Land and Unauthorized Construction"]

[Text] For purposes of stepping up the fight against cases of unauthorized seizure of houses, apartments, plots of land, unauthorized construction, and other arbitrary actions that encroach on the housing and property rights of citizens and state, cooperative, and social enterprises and organizations, the Supreme Soviet of the Kazakh Soviet Socialist Republic DECREES:

I. To establish that unauthorized seizure of houses, apartments, garden (dacha) buildings and other premises, and also unauthorized seizure of land and work on it for erecting residential buildings and other structures, and unauthorized plowing and planting of seized plots of land causing significant harm to state or social interests or the rights and legally protected interests of citizens entail criminal liability in the form of corrective work for a period of up to two years or a fine in the amount of up to 1,000 rubles with confiscation of the illegally constructed structures or illegally grown crops.

The same actions combined with violence or the threat of violence or committed through breaking into premises, either repeatedly or by a group of individuals, or causing significant harm or other serious consequences entail criminal liability in the form of incarceration for a period of up to three years or a fine in an amount of up to 3,000 rubles.

For cases involving the crimes envisioned by the present article, the preliminary investigation is conducted by investigators of internal affairs organs.

Unauthorized construction by citizens of business and domestic structures and buildings or unauthorized use of plots of land entail administrative liability in the form of corrective work for a period of from one to two months or a fine in an amount of up to 500 rubles with the confiscation of the illegally constructed structures and buildings at the expense of the guilty party.

Cases involving administrative legal violations envisioned by the present article are considered by the people's courts of the rayon (city) courts of the Kazakh SSR, and protocols concerning administrative legal violations are drawn up by authorized officials of the inspection for architectural-construction control of the

Kazakh SSR State Committee for Construction Affairs and ispolkoms [executive committees] of local soviets of people's deputies and internal affairs organs.

II. In keeping with Article I of the present law, to make the following changes and additions to the legislative acts of the Kazakh SSR:

1. Article 156 of the Kazakh SSR Criminal Code approved by a Kazakh SSR law of 22 July 1959 (VEDOMOSTI VERKHOVNOGO SOVETA I PRAVITELSTVA KAZAKHSKOY SSR, 1959, No. 22-23, p 177; VEDOMOSTI VERKHOVNOGO SOVETA I PRAVITELSTVA KAZAKHSKOY SSR, 1977, No. 14; 1983, No. 2, p 17; 1985, No. 32, p 324; 1986, No. 25, p 244) is to be presented in the following wording:

**"Article 156. Unauthorized seizure of houses, apartments, garden (dacha) buildings and other premises and also land and unauthorized construction.**

"Unauthorized seizure of houses, apartments, garden (dacha) buildings, and other premises, and also unauthorized seizure of land and work on it for the construction of residential buildings and other structures and unauthorized plowing and planting of seized plots of land causing significant harm to state or public interests or to the rights and legally protected interests of citizens—are punished by corrective labor for a period of up to two years or a fine in an amount of up to 1,000 rubles with confiscation of the illegally constructed structure of illegally grown crop.

"The same actions combined with violence or the threat of violence or accomplished through breaking into premises either repeatedly or by a group of individuals or entailing significant harm or other serious consequences are punished by incarceration for a period of up to three years or a fine in an amount of up to 3,000 rubles."

2. In the Kazakh SSR Code on Administration Legal Violations adopted by the Kazakh SSR Supreme Soviet on 22 March 1984 (VEDOMOSTI VERKHOVNOGO SOVETA I PRAVITELSTVA KAZAKHSKOY SSR, 1984, No. 14 (appendix); 1985, No. 45, p 457; 1986, No. 25, p 242; 1987, No. 16, p 201; No. 29, p 356; No. 32, p 421; 1988, No. 35, p 324; 1989, No. 16, p 129; 1990, No. 12, p 114):

—to present Article 157 in the following wording:

**"Article 157. Unauthorized construction of business and domestic structures or other unauthorized use of plots of land.**

"Unauthorized construction by citizens of business and domestic structures and buildings or unauthorized use of plots of land

"—entail corrective labor for a period of from one to two months or a fine of up to 500 rubles with the removal of the illegally built structures and buildings at the expense of the guilty party:



"—in part 1 of Article 213 the figures '150-163-1' are to be replaced with the figures '150-156, 158-163-1';

"—in part 2 of Article 213 and part 1 of Article 214 the figures '154-159' are to be replaced with the figures '154-156, 158-159';

"—Article 216 after the figures '148' is to have added the figures '157';

"—in point 1 of Article 248-1 the second paragraph after the figures '151' and paragraph three after the figures '112' is to have added the figures '157';

"—part 2 of Article 271 and part 1 of Article 288 after the figures '148' is to have added the figures '157.'"

3. In the Criminal Procedure Code of the Kazakh SSR approved by the Kazakh SSR Law of 22 July 1959 (VEDOMOSTI VERKHOVNOGO SOVETA I PRAVITELSTVA KAZAKHSKOY SSR, 1959, Nos. 22-23, p 178; 1961, No. 37; 1962, No. 46; 1965, No. 52; 1966, No. 43; VEDOMOSTI VERKHOVNOGO SOVETA I PRAVITELSTVA KAZAKHSKOY SSR, 1974, No. 17; 1980, No. 24; 1983, No. 15, p 155; No. 41, p 434; 1985, No. 19, p 193; No. 45, p 457; 1986, No. 25, p 242);

—in part 1 of Article 116, to eliminate the figure '156';

—in part 4 of Article 120 after the figures '141' to add the figures '156.'"

III. The present law goes into force from the moment of its publication.

[Signed] *N. Nazarbayev, president of the Kazakh Soviet Socialist Republic, Alma-Ata, 23 November 1990*

## INTERREGIONAL, FOREIGN TRADE

### Text of Kazakh, RSFSR Cooperation Treaty

914A0345A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 24 Nov 90 p 1

[Treaty: "Treaty Between the Kazakh Soviet Socialist Republic and the Russian Soviet Federative Socialist Republic"]

[Text] The Kazakh Soviet Socialist Republic and the Russian Soviet Federative Socialist Republic, hereinafter referred to as the high contracting parties,

—proceeding from the Declaration of the State Sovereignty of the KaSSR and the Declaration of the State Sovereignty of the RSFSR;

—attempting to develop the traditions of the friendship between the peoples of Kazakhstan and the Russian Federation and the close economic and cultural ties, which traditions and ties have formed over the course of centuries;

—setting the goal of constructing democratic law-governed states in KaSSR and RSFSR;

—intending to develop their own intergovernmental relations on the basis of principles of sovereign equality, noninterference in domestic affairs, respect for territorial integrity, rejection of the use of force or economic methods of pressure, and the settlement of disputed problems by conciliatory means in conformity with the generally accepted norms of international law;

—feeling that the further development and reinforcement of the relations of friendship, good-neighborliness, and mutually advantageous cooperation between them correspond to the fundamental national interests of the peoples of both states and serve the cause of peace and security;

—guided by the intention to renew the state structure of the USSR on the basis of a union of sovereign states;

—confirming their adherence to the goals and principles of the United Nations Charter, the Helsinki Concluding Act, and other documents of the Conference on Security and Cooperation in Europe;

—and pledging to observe the generally recognized international norms pertaining to human rights,

have come to an understanding about the following:

**Article 1.** The high contracting parties recognize one another as sovereign states and pledge to refrain from any actions that can harm the state sovereignty of the other party.

**Article 2.** The high contracting parties guarantee their citizens, irrespective of their nationality or other differences, equal rights and freedoms.

The high contracting parties guarantee the USSR citizens residing on the territory of KaSSR and RSFSR, after the adoption by the parties of laws governing citizenship, the right to retain the citizenship of the party on the territory of which they are residing.

Questions of the acquisition of citizenship of one of the parties by citizens residing on the territory of the other party will be settled by an appropriate agreement with the consideration of the citizenship legislation of the two parties.

**Article 3.** Each of the high contracting parties guarantees the citizens of the other contracting party, as well as persons without citizenship who are residing on its territory, irrespective of their nationality, religious affiliation, or other differences, civil, political, social, economic, and cultural rights and freedoms in conformity with the generally recognized norms governing human rights.

Each of the high contracting parties defends the rights of its citizens residing on the territory of the other contracting party and renders complete assistance and support to them.

The mechanism for guaranteeing the defense of the citizens' rights will be settled by special agreements.

**Article 4.** The high contracting parties promote the development and preservation of the ethnic, cultural, linguistic, and religious uniqueness of the national minorities inhabiting their territory and the unique ethnic and cultural regions that have formed, and will take such under their protection.

**Article 5.** The high contracting parties will develop completely equal and mutually advantageous cooperation between their peoples and states in the area of politics, economics, culture, public health, ecology, science, technology, trade, the humanities, and in other areas, and will promote broad informational exchange and conscientiously and strictly observe the mutual pledges.

The parties deem it necessary to conclude the appropriate agreements governing cooperation.

**Article 6.** The high contracting parties recognize and respect the territorial integrity of KaSSR and RSFSR within the borders that formed within the framework of the USSR.

**Article 7.** The high contracting parties recognize the necessity of a system of collective security, including the cooperation of both states in the area of defense and security, with a consideration of the striving by both parties for the further reinforcement of the peace.

**Article 8.** The high contracting parties recognize that the following matters pertain to the sphere of their joint competency, to be implemented on a completely equal basis through the common coordinating institutions:

- questions of the protection of human rights;
- interaction in foreign policy;
- cooperation in forming and developing common economic space, a common European market, and a Eurasian market, and in the area of customs policy;
- the administration of systems of power engineering, transportation, information sciences and communication, including satellite communication and telecommunications;
- cooperation in the area of the protection of the environment on their own territories; participation in creating an all-encompassing international system of ecological security; and the rendering of mutual assistance in emergency situations;
- the question of migrational policy;
- the fight against organized and international crime.

**Article 9.** The high contracting parties recognize that each of them has the right independently to define the types and forms of ownership and to regulate the ownership relations on its own territory.

The system of laws pertaining to state property, the property of legal individuals, and of citizens of one contracting party which is located on the territory of the other contracting party is regulated by the appropriate agreements.

The high contracting parties agree that all questions pertaining to objects qualified as being property belonging to the entire union will be regulated by special agreements.

**Article 10.** The economic relations of the high contracting parties are regulated by agreements with the granting of most favored nation treatment. The parties guarantee the development of economic, trade, and scientific-technical relations on the levels of:

- agencies of state authority and administration;
- banks and the financial system;
- agencies of territorial (municipal) self-government;
- enterprises, associations, organizations, and institutions, including joint ones;
- individual entrepreneurs.

The high contracting parties have agreed that the specific mechanisms for intereconomic relations, trade exchange, all types of communication and shipments, as well as questions of economic and informational cooperation will be settled by intergovernmental acts. The contracting parties will not apply on a unilateral basis any economic measures that destabilize or harm the other party.

**Article 11.** The high contracting parties will conclude intergovernmental agreements governing reciprocal shipments and services, payments, prices, and the movement of securities, as well as the time limits for changing over to reciprocal settlements with an orientation toward the level of world prices. This list of agreements is not exhaustive.

The high contracting parties pledge to take steps to coordinate price policy.

**Article 12.** The high contracting parties guarantee through-shipment transportation operations by way of sea, river, and air ports, the railroad and motor-highway networks, and main pipelines situated on their territories.

The conditions and procedure for carrying out through-shipment transportation operations are defined by special agreements between the contracting parties.

**Article 13.** The high contracting parties retain the right to conclude cooperation treaties or agreements governing cooperation in all other spheres of international relations.

**Article 14.** The high contracting parties deem it desirable to carry out an exchange of completely empowered

representations. The procedure for exchanging the representations and their status will be settled by a special agreement.

**Article 15.** Disputes relative to the interpretation and application of the norms in this Treaty are to be resolved by means of negotiations.

**Article 16.** This Treaty does not affect the pledges of the high contracting parties with respect to third states or their rights to conclude treaties with third countries concerning their participation in the sphere of joint competency of the contracting parties that is defined by the treaty or in a system of collective security.

**Article 17.** The high contracting parties will conduct regular bilateral consultative sessions and negotiations governing questions pertaining to the execution of this Treaty.

For purposes of implementing this Treaty, the parties deem it necessary also to create a permanently operating interparliamentary cooperation commission and an intergovernmental coordinating agency.

**Article 18.** Each of the high contracting parties retains the right to initiate, within the framework of the consultative sessions, negotiations concerning the desirability of continuing the action of this Treaty or individual articles in it. The principles enunciated in this Treaty will be expanded or amended in accordance with the mutual consent of the high contracting parties.

**Article 19.** This Treaty is subject to ratification. The exchange of the letters of ratification will occur in the city of Alma-Ata

This Treaty goes into effect on the day of exchange of the letters of ratification.

**Article 20.** This Treaty is concluded for a ten-year period. Its action will then be automatically extended for the next ten-year period, unless one of the parties declares its desire to denounce it by means of a written announcement to that effect no later than six months prior to the deadline for its expiration.

Executed in the city of Moscow in two copies, each in the Kazakh language and the Russian language, with both texts being authentic and having identical force.

For the Kazakh Soviet Socialist Republic: N. Nazarbayev, president of the Kazakh Soviet Socialist Republic.

For the Russian Soviet Federative Socialist Republic: B. Yeltsin, chairman of the RSFSR Supreme Soviet.

[End of treaty text]

In response to a request by a correspondent from the Aziya-Press [Asia-Press] agency, K. Sh. Suleymenov, head of the State-Law Department of the KaSSR President's apparatus, and member of the working group to

prepare this document, comments as follows on the basic principles enunciated in the treaty.

This treaty between union republics and the KaSSR, concluded without any participation by the center, is already the seventh of its kind. The establishment of direct contacts, the deepening and expansion of mutually advantageous cooperation, has become a reality and was evoked by the constantly increasing break in the economic ties among the various regions of the country, a break that is aggravating the already complicated social and political situation.

Our republic is persistently seeking ways to reinforce the economic ties that were formed, to preserve the volumes of shipments of output, and to establish new forms of efficient cooperation. In this regard it is difficult to overestimate the economic importance of treaties between republics, especially against the background of the inaction of the country's Council of Ministers, which is occupying a dangerous wait-and-see position.

The treaty is also of great political importance. On the basis of our initiative, it states directly that both parties are guided by the intention to renew the state structure of the USSR on the basis of a union of sovereign republics. This emphasizes the firm conviction of the need to conclude a new Union treaty.

This is a very important aspect in overcoming the separatist moods of individual republics, with which, incidentally, we are not yet, for that reason, developing any treat relations.

I might note that the treaty was prepared in conformity with the spirit and principles of the United Nations Charter, the Helsinki Act, and the recently signed Paris Charter.

A pivotal factor is the agreement by the contracting parties to recognize the territorial integrity of each republic within the boundaries that have formed as of today. It seems to us that this places the final dot in the unfounded discussions concerning the allegedly improper territorial structure of the republic, and debunks the conjectures that are being broadly circulated in certain "historically deepened research studies."

Another principle in the treaty that is of great immediacy is the principle of the protection by each of the contracting parties of the rights of its citizens who are residing on the territory of the other republic, and the rendering to them of complete aid and support. It is emphasized at such time that, whatever the nationality or religious affiliation of the citizens of Russia and Kazakhstan, all the rights and freedoms are guaranteed to them. This also pertains to the preservation of the unique culture, traditions, and language of the peoples.

In the resolution of all questions, we have achieved agreement concerning the creation of a most favored nation treatment. In order to achieve the successful

implementation of what has been planned, interparliamentary and nongovernmental coordinating agencies will be in operation. An RSFSR representation will open in Alma-Ata. In general, however, the document, both with regard to its structure and its legal status, was prepared in strict conformity with the generally recognized international legal rights.

I might add that our working group, which is headed by K. A. Abdullayev, chairman of KaSSR Gosplan, has had the opportunity during these days in Moscow to carry out a large exchange of work, just as, incidentally, our Russian colleagues had a similar opportunity. On the whole, the discussion of the treaty draft was carried out in a businesslike and friendly situation. Obviously, moot points also arose, and objects were expressed with regard to various questions. But in the final analysis the spirit that prevailed was the healthy spirit of political compromise. The official meeting of the delegations occurred at a high organizational level and was marked by special warmth and mutual understanding.

Now the treaty will have to be ratified by the KaSSR Supreme Soviet. We hope that the deputies will recognize the importance of this document, and its tremendous significance for the republic's future.

This does not mark the end of the work of establishing directing ties between republics. It is expected that within the near future similar documents will be signed between Kazakhstan and the Ukraine, and between Russia and Belorussia. Thus, the community of sovereign states is being supplemented by concretely worded documents and is becoming an influential economic and political force.

### **Ukraine, Georgia Sign Economic Agreement**

914A0338A Kiev PRAVDA UKRAINY in Russian  
2 Dec 90 pp 1, 3

[A. Litvinov and O. Tokhtomyshev UKRINFORM report: "The Ukraine and Georgia: An Agreement Has Been Reached"]

[Text] Bilateral ties between the Ukrainian Soviet Socialist Republic [SSR] and the Republic of Georgia will be promoted by the Agreement on Economic and Cultural Cooperation for the Period 1991-1995 signed on 30 November in Kiev. The document was signed by the chairman of the Ukrainian SSR Council of Ministers, V.P. Fokin, and the chairman of the Republic of Georgia Council of Ministers, T.I. Sigua.

The agreement provides for the maintenance of mutual deliveries of products during 1991 at least at this year's level. Here, the sides will orient themselves on prices in force in 1990.

The Ukraine and Georgia have assumed obligations to help in maintaining direct economic links between enterprises, organizations, establishments, and other economic subjects for the delivery of raw materials and

goods and services giving due consideration to market relations, and also in making up for failures to deliver under the terms of contractual agreements. It is possible that joint enterprises will be set up. Enterprises and organizations located outside the territory of the republics, and also foreign partners, may participate in the cooperation. It is stipulated that next year mutual accounts will be done in Soviet rubles on the basis of price lists or contract prices.

In the event of a switch by one of the sides to a national currency, accounting for goods and services supplied will be done by special agreement between them. The Ukraine and Georgia will refrain from actions that could do economic harm to each other.

The document defines cooperation in the field of socio-economic problems, the financial-and-credit system, agriculture, the social sphere, national culture, science, the ecology, legal aid, and other areas.

The sides have also agreed that their territorial management organs and enterprises, organizations, establishments, and other economic subjects should, when contracts are concluded for mutual deliveries of products, make provision for exports and imports only with the permission of the competent organs of both their governments.

Correspondents asked the heads of government of the republics to comment on the document that has been adopted.

"The agreement that we have signed today," V.P. Fokin said, "will enable the sectors of the national economies of Georgia and the Ukraine to work without interruption. Negotiations with the Georgian delegation were not simple but they have produced results. Essentially all the problems that arose during the course of the negotiations have been settled. The Georgian partners have had the opportunity to pay off their debt through their deliveries of trucks, cable, hoses, light roofing, and other technical products. For our part, we have made up for short deliveries of sugar, and at the request of our Georgian friends we have sent 30,000 tons of it in advance for next year. In reply, as dictated by tradition, we shall be receiving citrus fruit for New Year, and we shall be sending it to the children and inhabitants of Chernobyl, and also to people living in the zone contaminated by radionuclides, and to children in Kiev."

"I am satisfied with the agreement that has been signed," T.I. Sigua noted. "It is one of the first steps and an important step taken by the new government of the Republic of Georgia to develop economic and cultural horizontal ties, and has been done on instructions from our parliament."

"The work has been fruitful, literally in just one breath. We met for a little over three hours, but during that time we resolved all the complex questions."



"At the meeting we discussed about 30 positions that will be the subject of bilateral cooperation. These are global positions. But if we break them down we get a much longer list. We have reached agreement on volumes of deliveries to us of wheat, sugar, meat, metal, and a whole range of other products. In turn we shall be supplying steel pipe, ferrous alloys, tower cranes, electric motors, and also tea, fruit, citrus fruit, wine and wine products, and tobacco. Further development of ties between our Academies of Sciences is also envisaged."

The following took part in the proceedings to sign the agreement: from the Georgian side: O.G. Vardzelashvili, deputy chairman of the Republic of Georgia Council of Ministers, V.I. Alavidze, chairman of the State Committee for Material-Technical Supply [Gossnab], G.I. Abzianidze, deputy chairman of the State Planning Committee, ministers T.G. Gvelesiani, L.L. Zakaidze, and D.G. Khetsuriani, and other officials; and from the Ukrainian side: V.Z. Borisovskiy, deputy chairman of the Ukrainian SSR Council of Ministers, V.M. Shramenko, Gossnab deputy chairman, V.Yu. Pekhota, administrator of affairs for the Ukrainian SSR Council of Ministers, Yu.A. Dvoynikh, deputy chairman of the Ukrainian SSR State Committee for the Economy, ministers A.M. Zlenko and V.F. Boyko, and the leaders of a number of other ministries and departments.

A dinner was given by the republic government in honor of the high guests.

#### **Kirghizia, Georgia Sign Economic, Cultural Accord**

914A0299A *Frunze SOVETSKAYA KIRGIZIYA*  
in Russian 14 Sep 90 p 3

["Accord Between the Governments of the Kirghiz SSR and the Georgian SSR on Economic and Cultural Cooperation"]

[Text] The government of the Kirghiz SSR [Soviet Socialist Republic] and the government of the Georgian SSR, henceforth called the "parties," proceeding from the principles of economic independence, basing themselves on the traditional economic and cultural ties between Kirghizia and Georgia, and with the goal of strengthening the interest of both parties in the development of mutually profitable and equal cooperation on a long-term and stable basis in all spheres of social and economic life, conclude this intergovernmental Accord:

#### **Article 1**

The contracting parties, taking into consideration the existing economic, science, and technical ties and relations in the exchange of goods between the Kirghiz SSR and the Georgian SSR, have agreed, as a rule, to maintain mutual deliveries of output for 1991 at a level that is not lower than the plan for 1990 and to take measures to level out the volumes of deliveries in the future on an equal basis. Mutual deliveries of output by enterprises is

counted in the total balance of exchange of goods between the republics independent of the region where the enterprises are located.

#### **Article 2**

The parties have agreed to conduct relations on the basis of the appropriate agreements, accords, or protocol concluded between enterprises, organizations, institutions, organs of territorial (municipal) or state administration, and other economic bodies within the bounds of their competence. They bear full responsibility for observation of their obligations.

#### **Article 3**

The parties will take all measures in their power to preserve, establish, and broaden direct economic ties between enterprises, organizations, institutions, and other economic bodies for the mutual trade of raw materials, production, and consumer goods and for rendering services with regard for the transition to market relations.

#### **Article 4**

The parties believe that enterprises and organizations located on the territory of the republics may take part in the implementation of cooperation independent of their forms of property ownership and of their chain of command. The creation of joint enterprises is possible. With the agreement of the parties, enterprises and organizations situated outside the territory of the republics, as well as foreign partners may take part in the cooperation.

#### **Article 5**

In their settlements on mutual deliveries in 1991, the parties will make use of existing price lists, contractual prices, and prices (in Soviet rubles) acceptable to both parties. The parties will refrain from actions that may cause each other economic damage.

#### **Article 6**

The parties have agreed, across the course of a month beginning on the date that this Accord is signed, to complete the conclusion of agreements and the signing of accords or protocols along the following lines of economic, science, technical, and cultural cooperation, entrusting this work to the appropriate governmental organs:

- exchange of goods of the most important types of production—between the Kirghiz SSR State Committee for Material and Technical Support of Republic and Regional Programs, the Kirghiz SSR Ministry of Trade, sectoral ministries, and the Kirghiz SSR Gosplan [State Planning Committee], and the Georgian SSR State Committee for Material and Technical Support, the Georgian SSR Ministry of Trade, and the Georgian SSR Gosplan;
- in the area of finances—between the Kirghiz SSR

Ministry of Finances and the Georgian SSR Ministry of Finances;

- in the area of science and technology—between the Kirghiz SSR Gosplan and the Kirghiz SSR Academy of Sciences, and the Georgian SSR Gosplan and the Georgian SSR Academy of Sciences;
- in the area of construction and architecture—between the Kirghiz SSR State Construction Committee and the Georgian SSR State Construction Committee;
- in the area of agriculture, fishing, and processing of agricultural raw materials—between the Kirghiz SSR State Committee for Agriculture and Food Goods and the Georgian SSR State Agroindustrial Committee;
- in the area of industry—between the Kirghiz SSR Ministry of Light Industry and the Kirghiz SSR Ministry of Local Industry, and the Georgian SSR Ministry of Light Industry and the Georgian SSR Ministry of Local Industry;
- in the area of protection of the environment—between the Kirghiz SSR State Committee for Protection of the Environment and the Georgian SSR State Committee for Protection of the Environment and Forest Management;
- in the area of medicine and health—between the Kirghiz SSR Ministry of Health and the Georgian SSR Ministry of Health;
- in the area of culture and education—between the Kirghiz SSR Ministry of Culture and the Kirghiz SSR Ministry of Public Education, and the Georgian SSR Ministry of Culture and the Georgian SSR Ministry of Public Health;
- on mutual legal aid—between the Kirghiz SSR Ministry of Justice and the Georgian SSR Ministry of Justice;
- on the coordination of actions of law enforcement organs—between the Kirghiz SSR Ministry of Internal Affairs and the Georgian SSR Ministry of Internal Affairs.

In the event of changes in the administration of the national economy, responsibility for fulfillment of a certain article is entrusted to the appropriate organs.

#### Article 7

The parties have agreed that, when concluding agreements for mutual deliveries of products with certain limitations, their territorial organs of administration, enterprises, organizations, institutions, and other economic bodies should provide for their transport in and out of the republic only with the permission of competent organs of both governments.

#### Article 8

With the goal of protecting domestic markets and prohibiting infringement upon the interests of the population in the provision of goods of prime necessity, the parties have agreed to inform one another in a timely manner and coordinate their actions when changing retail and purchase prices, as well as when undertaking other forms of regulation of the domestic market, and to

jointly provide for measures to cut short any attempts by economic bodies directed at infringing upon the interests of one of the parties.

#### Article 9

The parties have considered it necessary to create a joint working committee to develop a draft program of economic, scientific, technical, and cultural cooperation that will provide for further development of these ties on the basis of equality and mutual profit.

#### Article 10

The parties have agreed to create a data bank with information on the course of the conclusion of agreements on economic and cultural cooperation and their fulfillment.

#### Article 11

This Accord goes into effect the day it is signed and is valid until one of the parties declares its wish three months before the end of the current calendar year to amend or put a halt to the action of this Accord.

The Accord was composed in Frunze and Tbilisi in three copies in Kirghiz, Russian, and Georgian, having equal force.

[Signed] A. Dzhumagulo, for the government of the Kirghiz SSR; [Signed] N. Chitanava, for the government of the Georgian SSR

#### Armenian Resolution on Regulating Export of Consumer Goods

914A0295A Yerevan GOLOS ARMENII in Russian  
2 Nov 90 p 1

[Resolution of the Council of Ministers of the Republic of Armenia No. 491, 27 October 1990, city of Yerevan: "On Regulation of the Export of Consumer Goods Out of the Republic"]

[Text] The Council of Ministers of the Republic of Armenia notes that the tension created in 1990 on the republic's consumer market is caused to a significant extent by the export of food and nonfood products out of the republic by both state and cooperative organizations, as well as by individual citizens.

With the aim of improving service provided to the population of the republic, and of establishing mutually beneficial economic relations with other USSR republics, the Council of Ministers of the Republic of Armenia resolves:

1. To prohibit all institutions, enterprises, and organizations (including cooperatives) located in the territory of the Republic of Armenia from exporting all varieties of food products, medicines, and local construction materials out of the republic, with the exception of interrepublic planned deliveries.

2. To prohibit the Ministry of Communications of the Republic of Armenia from sending postal packages with food products outside republic borders, with the exception of addressees who are in the military service or in locations of confinement.

3. That the Armenian Republic State Committee on Economics, jointly with ministries and departments concerned, will:

a) draw up and present within a 10-day period to the Council of Ministers of the Republic of Armenia a draft law: "On Responsibility for Violating Trade Regulations, Buying Up Products, and Exporting or Sending Them Outside the Borders of the Republic."

b) draw up and present within a 15-day period to the Council of Ministers of the Republic of Armenia a proposal on regulating the activity of cooperatives and other organizations which utilize the mineral wealth and resources of the republic.

4. That the Ministry of Internal Affairs of the Republic of Armenia, Ministry of Communications of the Republic of Armenia, Ministry of Motor Vehicle Transport of the Republic of Armenia, Public Health Ministry, Yerevan Department of the Transcaucasian Railroad, Armenian Civil Aviation Administration, and the ispolkoms [executive committees] of city and rayon soviets of people's deputies will undertake necessary measures to ensure execution of this resolution.

5. That supervision of the execution of this resolution be entrusted to G. Vartanyan, first deputy chairman of the Council of Ministers of the Republic of Armenia.

[signed] V. Manukyan. Chairman of the Council of Ministers of the Republic of Armenia.

[signed] G. Akopyan. Acting Administrative Officer of the Council of Ministers of the Republic of Armenia.

#### **Moldova Imposes Taxes on Exports to Other Regions of USSR**

914A0290A Kishinev MOLDOVA SUVERANA  
in Russian 27 Oct 90 p 1

[Article: "In the Government of the Moldovan SSR:"  
"The Government of the Moldovan SSR has Adopted the Decree 'On Establishing Customs Duty for the Export of Individual Types of Products'"]

[Text] Implementing the Law of the Moldovan SSR on Imports and Exports, guided by the Decree of the Government of the Moldovan SSR dated 21 September 1990 and by Article 2 of the Ukase of the Presidium of the USSR Supreme Soviet dated 26 January 1981 and entitled: "On Local Taxes and Levies," and in order to protect the interests of the republic's population and to stabilize the consumer market, the SSRM Government

has decreed introduction as of 20 October 1990 of a tariff on enterprises, institutions, organizations, cooperatives, and individuals exporting products from the republic to other regions of the SSR, as follows:

	Amount of Levy Per Kilogram (in rubles and kopecks)
Walnuts, honey	3-00
Apples, prunes, grapes	1-00
Other fruit, berries, and vegetables (except cabbage and beets)	0-50
Meat and meat products	2-50
Cattle, sheep and goats, swine and poultry (live weight)	1-50
Vegetable oil	0-50
Butter	1-00
Canned meat, fruit, and vegetables	30% of value in retail prices

The decree emphasizes that the tariff is not collected from enterprises and organizations for delivery of products under obligations to all-union stocks, nor for inter-republic deliveries under agreements concluded by the Government of the Moldovan SSR or in its name by enterprises, organizations, and other economic entities. Nor is the levy collected from individuals for exporting products up to 20 kg per person.

Bank institutions are ordered to collect from juridical and natural persons the amounts of the tariff in accordance with established procedure by crediting 70 percent to the republic budget as a revenue and 30 percent as a revenue of the budget of the rayon (city) soviet of people's deputies according to the residence of the taxpayer and by issuing the appropriate documents (receipts) on payment as a license for exporting the goods and services, which are presented to inspectors.

The Ministry of National Economy and the Ministry of Finance of the Moldovan SSR have been ordered to draw up within 10 days a list of goods and services to be governed by quotas and licenses concerning exports outside the USSR, a list of goods and services subject to quotas and licenses with respect to export to other regions of the USSR, and a list of goods and services which may be freely exported from the republic, but are subject to tariffs.

The Ministry of Transportation of the Moldovan SSR, the Administration of the Moldavian Railroad, the Moldavian Civil Aviation Administration, other transportation organizations, and the Ministry of Informatics, Information, and Communications of the Moldovan SSR have been issued an instruction not to accept for shipment the goods indicated above without presentation by the shippers of the bank document (receipt, payment order) concerning payment of the tariff.

The State Department of Customs Inspection, the Ministry of Internal Affairs, the State Tax Inspectorate of the Ministry of Finance of the Moldovan SSR, and executive

committees of local soviets of people's deputies have been instructed as to the need for establishing strict enforcement of this decree.

### **Moldovan Economics Minister on Interregional Economic Ties**

914A0261A Moscow TRUD in Russian 3 Jan 91 p 3

[Interview with K. A. Tampiza, MSSR deputy prime minister and minister of national economics, by TRUD correspondent P. Rashkov under the rubric "Topical Interview": "Prospect of Freedom: Interrepublic Agreements and What Is New About Them"]

[Text] Moldova has been among the first to seek direct ties with Union republics by concluding interrepublic treaties and agreements. This is a new endeavor for our country, and it is not surprising that readers should be concerned with how the new principles and relations between the republics will impact upon the well-being of working people and with whether or not this may lead to a sharp rise in the cost of an already by no means luxurious life style. Our correspondent P. Rashkov discusses this subject with K. A. Tampiza, Moldova's deputy prime minister and minister of national economics.

[Rashkov] Konstantin Aleksandrovich, I should like to know first: Which Union republics have direct ties been arranged with?

[Tampiza] Ten intergovernmental agreements or treaties have been signed—with Russia, Belorussia, Latvia, Armenia, Tajikistan, Turkmeniya, Kirghizia. Recently, our delegation returned from the Ukraine, where the fundamental principles of reciprocity were defined between our sovereign states.

[Rashkov] Nevertheless, the new treaties, or at least the part of them regulating economic relations, so far as I know, are based on long-standing economic ties. What then is fundamentally new about them? Will it not turn out that the old arrangements persist in a new guise, the only difference being that for the production collectives central authority is replaced by that of Kishenev?

[Tampiza] Actually, in concluding interrepublic—that is, horizontal—treaties, both we and our partners are placing a priority upon one thing and that is preserving traditional cooperative ties. There is nothing surprising about this. The old system of trade relations was not unsatisfactory and in its day fostered in many ways the development of productive forces. But the mechanism for exploiting them in the form in which it has been was made available to us, based upon the administrative command system, is today acting as a brake on the social and economic progress of the region. Judge for yourself. The earlier trade relations, including the ones of long standing, were subject to annual approval in Moscow. The central government decided for almost every enterprise just who would supply what goods at what prices, and arbitrarily could reshuffle trade partners regardless of the effect it might have on either of them.

Now we are converting to the market mechanism, which works altogether differently. Initially, there are intergovernmental agreements to indicate the basic directions of cooperation; they will be followed by wholesale trade fairs, and finally direct ties between enterprises. At the same time, these agreements are now being renewed on the basis of exchanges that came into being at the enterprise level. That is, the work is being carried out in such a way that direct and specific agreements between enterprises will be interpreted by intergovernmental accords and not the other way round.

[Rashkov] And just what does the republic in general and each individual citizen in particular stand to gain in the final account following the conversion to direct, horizontal ties?

[Tampiza] By ridding ourselves of the middleman—the center—we cannot only can save a good deal of time, but we have an opportunity to conduct our affairs far more advantageously. This year the flow of incoming goods is being sharply curtailed. Moldova in principle is entirely free to meet its own needs for cement. Both the range of plants and their productive capacity enable us to do this. Previously, however, we did not have the right to provide for the distribution of output. The state purchasing authorities at the center dictated how much cement to produce, what grade, and where to send it. As a result, each year we imported thousands of tons of cement over thousands of kilometers—from Staryy Oskol, for example—while at the same time shipping our own cement over many versts to other regions, often in the opposite direction. It was the same story with steel reinforcement bars. One could cite hundreds of such instances.

Right now, however, in principle, it is within our power to address many problems that previously we could not even dream of solving. For the moment I cannot disclose all the cards in our hand—it is not yet time—but there is reason to believe that this year the chronic shortage of liquid fuel will not be so severe for the republic. We have found a partner, worked out reciprocal arrangements, and the deal we made should relieve us of many problems.

[Rashkov] If it is not a secret, how much will this fuel cost the republic?

[Tampiza] The market that we are trying to develop by establishing direct ties will become a genuine market only when it takes into account the mutual interests of the partners. Without going into detail, once again let me say that the agreement we reached is on mutually advantageous terms at so-called equivalent prices. These, of course, are more costly. But the fact that we have been paying until now less for gas did us little good; for the damage resulting from the chronic shortage did us much more harm. How much, for example, was the harvest worth that we failed to reap and bring in from the fields in time because of the fuel shortage? The savings in transportation downtime alone will repay us with interest for the increase in the cost of gasoline.



[Rashkov] But it is a known fact that there is a fuel shortage in the country, and the center has not been acting arbitrarily in allotting a limited amount of fuel to the republic. It has been necessary to provide for each of the republics—if only the minimum amount necessary. Does this not mean that Moldova, in concluding an agreement that will meet its full needs, whether it intends to or not, will deprive Belorussia, say, or some other republic that has been less alert in providing for its needs?

[Tampiza] Under the conditions of a shortage, there is such a danger, obviously, especially at the start. But the market mechanism is good in that it liberates reserves that previously could simply not have been made available. Through the system of direct ties and equivalent prices we provide incentives for the production collectives. Once these incentives grow, output will be increased. Eventually, this is what happens. With the free flow of commodities along horizontal lines of exchange, everyone stands to gain.

#### **Disparate 1990 Price Increases for Ukrainian Consumer Items**

914A0291A Kiev *RABOCHAYA GAZETA* in Russian  
15 Nov 90 p 2

[Unattributed article under the rubric "The Language of Statistics:" "Prices Are Rising"]

[Text] *The retail price index for non-food goods increased by almost five percent over the first nine months of this year compared to the corresponding period for last year.*

Price changes for various groups of goods are not occurring evenly, according to the data of UkSSR Goskomstat [State Statistical Committee]. An insignificant rise (2-3 percent) was recorded for passenger cars, silk fabrics, headgear, leather and combined textile footwear and perfumes.

Prices for cotton and woolen fabrics, clothing and linen, knitwear, radios, metal dishes and metal household items, bath soap, synthetic detergents, musical goods, furniture, clocks and watches went up 4-7 percent. Prices for printed matter (except newspapers and magazines) went up by 13 percent. Prices for jewelry items went up by roughly one and a half times in centralized fashion.

Prices remained stable for household soap, fur and fur items, matches and school notebooks.

Prices dropped by two percent for such goods as linen fabric and medicines, which is explained by the change in their sales patterns.

Prices went up for almost 530 goods (79 percent), dropped for 80 goods (12 percent) and remained unchanged for 65 goods (nine percent) overall for the 675 recorded representative nonfood goods.

State retail prices remained as before for such food products as bread, baked goods, fat, fish products, dairy

products, eggs, sugar, groats and pasta products. Prices for potatoes rose considerably at the same time, by 13 percent, as did those for fruits—31 percent—and vegetables—by 35 percent, which is explained by the institution of contract prices, as well as the prices of so-called "flexible trade." The price index was 101 percent for food products overall.

#### **PRICES, BUDGET, FINANCES**

##### **Ukrainian Finance Minister on Republic's 1991 Budget**

914A0274A Kiev *RADYANSKA UKRAYINA*  
in Ukrainian 22 Dec 90 p 1

[Report by UKRINFORM special correspondent: "Budget With a Deficit"]

[Text] At the evening plenary meeting of the Supreme Soviet of the Ukrainian SSR on December 20, the deputies began examination of the drafts of the State Plan for the Economic and Social Development of the Republic for 1991, the State Budget of the Ukrainian SSR for 1991 and a report on the meeting of the State Budget of the Ukrainian SSR for 1989.

V.I. Antonov, the Acting Chairman of the State Economic Committee of the Ukrainian SSR gave a speech. In setting the basic directions of the economic and social development of the Ukraine for 1991, he said we used fundamentally different economic-legal and organizational bases for establishing the structure, parameters and indices of the plan, their interrelation with the real conditions existing today and their prospective development. Considered in the preparation of the plan were the demands of the Declaration Regarding State Sovereignty of the Ukraine, the Law on the Economic Independence of the Ukrainian SSR and other legislative documents and normative acts. Entered into its basis are the proposals and calculations of enterprises and organizations, ministries and departments and oblast and city executive committees.

The speaker informed the deputies about the crisis aspects of the economy, then characterized the basic general economic indices of the development of the economy of the republic in 1991.

O.M. Kovalenko, Minister of Finance of the Ukrainian SSR, spoke about the draft State Budget of the Ukrainian SSR for 1991 and the meeting of the republic's State Budget for 1989. The financial resources of the Ukraine for the coming year, he said, have been defined on the basis of prognosis indices of the functioning of the economy with regard to the volume of production and the degree of its effectiveness, taking into account the introduction of new wholesale and purchase prices for production, new regulations for amortization deductions, increased tariffs on state social insurance and changes in the composition of expenditures relating to production costs.

The minister emphasized that the elaboration of the budget for the coming year was effected with a view to a complete mobilization of internal economic reserves and strict economizing in the expenditure of state resources. In pursuing this aim, it was not possible to work out a budget without a deficit. The shift to new wholesale prices and tariffs significantly decreases the receipts from taxes on turnover—the basic source of income for the budget. According to the calculations of the Ministry of Finance of the Ukrainian SSR and the State Economic Committee of the Ukrainian SSR, the total sum of the republic's financial resources in 1991 will be 105 billion rubles. The expenditures of the 1991 budget of the Ukraine are set at R50.3 billion, or R11.9 billion more than income. Of the total sum, R29.1 billion, or an increase of R10.7 billion, is allocated for the financing of the economy; expenditures on social-cultural measures will be R17.6 billion, or R6.4 billion more than they were this year. The sharp increase in expenditures was caused mainly by the essential need to guarantee with appropriate funding the priority development of the village and the implementation of an active social policy in the conditions of the transition to a market economy.

Kovalenko stated that expenditures for dealing with the effects of the accident at the Chernobyl AES and for the resettlement of Crimean Tartars were not included in the republic's 1991 budget. It is expected that they will come from the Union budget.

The speaker next discussed the setting of the 1991 budget, in which the sum of income and expenditures is R19 billion 895 million. But in order to fully finance the measures foreseen in the budget it will be necessary to find additional income in the sum of R9.3 billion. The speaker indicated at the cost of what the budget deficit was expected to be covered.

At the end, the Finance Minister informed the deputies about the meeting of the State Budget for 1989. In particular, he stated that the State Budget of the Ukrainian SSR for 1989 was met with regard to income by 101 percent, in the sum of R40 billion 257 million, and with regard to expenditures, by 99.5 percent, in the sum of R39 billion, 605 million, for defined designations. The excess of income over expenditures was R652 million.

At the end of the evening meeting, A.K. Minchenko, Chairman of the State Material-Technical Supply Committee of the Ukrainian SSR, provided information about the conclusion of interrepublican agreements on supply of production and the development of lateral links among enterprises.

The deputies decided not to discuss the speeches, but to make preliminary examinations of the drafts of the republic's 1991 plan and budget within permanent commissions and raise them at the plenary meeting of the Supreme Soviet of the Ukrainian SSR on Monday, December 24.

### **Estonian Official Discusses Necessity of Price Increases**

914A0363A Tallinn SOVETSKAYA ESTONIYA  
in Russian 12 Dec 90 p 2

[Report on statement by Boris Vaynberg, deputy director of the Estonian Republic Department of Prices, by correspondent A. Podvezko: "On Economic Justice, or Who Is Paying for the Switch to the Market?"]

[Text] Why, as it strives to bring the true cost of goods into line with their retail prices, is the government of the Estonian Republic increasing only retail prices? For it is common knowledge that many consumer goods are being sold at prices higher than their value....

Readers have recently been asking this question often. Our correspondent asked the same question of Boris Vaynberg, the deputy director of the Estonian Republic Department of Prices.

In fact, this question is worrying a great many people. Prices are a kind of detonator of social tension. Therefore, it is essential to make things clear.

The fact is that for various reasons the present price system envisages an artificial increase in retail prices for some goods against their prime cost, and the same kind of artificial decrease for others. In the former case, the state is doing this by imposing turnover tax; in the latter case, it is derived from budget subsidies.

Turnover tax and excise tax both in our practice and world practice are significant sources of income for the treasury.

For example, it follows from the figures published on 5 December in RAKHVA KHYAEL on the 1991 draft budget for the Estonian Republic that the proportion of receipts from turnover tax and excise tax into the budget will be more than 70 percent (1.1 billion rubles [R] out of R1.5 billion). The lion's share, as you can see. It would seem that given less emphasis on tax, republic goods could be less expensive. But that is a delusion. And I shall try to explain why.

Let us turn to subsidized goods. These include primarily meat and dairy products for which retail prices were raised in the republic starting on 15 October. But goods for children, public transport, and so forth are also subsidized.

The desire to maintain stable prices for them, which was until recently considered an advantage and gain of socialism, turned out to be a calamity for our economy.

Judge for yourself. Some simple calculations show that increasing the output of meat by one kilogram per capita in the USSR increases state costs by at least R1 billion. The more meat is produced, the less profitable it is for the state (!?). And not only for the state but also for the

producer, to whom the state is simply unable to pay very much. This is the absurdity to which we have reconciled ourselves for decades.

Artificially low prices (given low wages) not only provided no incentive but even led to the development of disproportions in the economy. In order to prevent those disproportions from developing into a crisis, price reforms were periodically carried out on a central basis.

The last such reform occurred eight years ago. And the latest was planned for 1 January 1990. Within the USSR it was necessary to raise wholesale and retail prices by more than R200 billion. However, this government proposal resulted in the well-known negative reaction from the USSR people's deputies. And the price reform was postponed to better times out of populist considerations.

Of course, this was a serious setback and a manifestation of indecision on the part of the Union Government. Price increases would have enhanced the interest of producers and to some extent halted the decline in production in the country. Thus, the subsequent switch to free prices would have been less painful. But now the national economy has moved into deep economic crisis.

Nevertheless, some prices in the country did change: Beginning 1 January 1990, transport rates and prices for diesel fuel rose and social security deductions were increased, which affected virtually all enterprises, and by no means all of them were compensated for this greater expense. And then began the avalanche-like process of shifting the higher costs through prices.

There is more. Under the slogan of freeing up prices, the so-called commercial prices for output produced over and above that established by state orders were permitted. But under conditions of weakening central power in the country and political instability, this step led to a situation in which supplier enterprises are ignoring delivery discipline and, in the literal sense of the word, are bringing their clients to their knees: "If you do not want it at this price I shall give it to someone else."

Given this kind of outlawry it is difficult to imagine receipt of raw materials, materials, and equipment at fixed prices, or at contract prices with norm price profitability.

You can see that we shall not manage without reform of wholesale, purchase, and retail prices. And if this process has started early here in the republic, you can be sure that it will very quickly spread to other republics. Of

course, raising prices do not add to the popularity of any government. But surely someone must begin to push aside the agglomeration of the past.

In synchronization with price reform, a process of price liberalization is taking place. It is necessary as far as possible to come closer to the real cost of output, with simultaneous compensation for the adverse consequences on the public.

So, starting 1 January 1991, the prices of raw materials, materials, and equipment, electric and heat power, and liquid and solid fuels are to be raised, and the norms for amortized deductions and social tax increased. New taxes will go into force—a tax for use of natural resources, income tax, and turnover tax.

Now it is time to turn to the question of the possibility of reducing prices for some goods. Unfortunately, taking into account the factors listed above and the rising prime costs for output, we can expect no price reductions in the near future. On the contrary, we must prepare ourselves for higher prices, not only in our republic but everywhere.

In order to enable the market to really work what is needed is to "treat" the sick economy on a comprehensive basis. This is quite a long process. We shall not succeed in creating an open, self-regulating market in the next one or two years. The existing economic structure, in which output worth R2.7 billion is being put into the Union market while R355 million of output is being sent to the West, will not change in a short period.

We must obviously go through two stages. The first is to extricate ourselves from a deficit economy, including a painful regulation of prices, and the second is to move toward a normal market situation.

Of course, equilibrium prices that balance demand and supply of goods and services are in line with the principles of a normal economic system. It is not excluded that prices may be set on a central basis, but since it is impossible to set prices for an endless diversity of goods at the center (in Moscow or in Tallinn), for the most part they should be contract prices and free prices. Free prices together with the independence of enterprises and horizontal economic links constitute the minimum from which the market should start. And the degree of freedom must be constantly increased, giving due consideration to market saturation.

This road does not promise easy victories. Time is needed, along with the will and competence and art of combining economic and social policies. But light will appear at the end of the tunnel.

## HOUSING CONSTRUCTION

**Brick Plant Closing Threatens Troop, Other Housing**

914C0004A Moscow SOVETSKAYA ROSSIYA  
in Russian 11 Jan 91 First Edition p 2

[Article by S. Volkov, deputy chief of the Ceramics Industry Administration, Moscow: "A Line... Until the Year 2000. The Confession of a Manager Who Is Unable to Help the People"]

[Text] Recently, I have been going to work with a permanent feeling of being guilty before somebody. After all, every day I see yet another petitioner at the door of my office.

I respond in a studied manner: "You have the wrong address. Our administration does not sell bricks. Please approach a 'Construction Materials' store." The response is familiar: "I have been to a store, but they only sell bricks to those on the list. Yesterday, a war veteran was put on the list in my presence. His number on the list was 154,000. I asked when I can get bricks, and the store manager answered: 'I do not know, perhaps, by the year 2000. They will tell you more precisely at the Ceramic Industry Administration of the Moscow City Executive Committee.' So, I am here..."

How can I help this second-home owner and thousands of others? The demand for bricks is up by a factor of several hundred. More gardening plots have been allocated to enterprises, cooperatives, and associations. People have been attracted to the land. However, everyone must develop a lot in order to live and work on it: To build a small house, to erect a stove... All of this hinges on the following question: What about the bricks?

We should turn for an answer to the 1950's and 1960's. It was precisely at this time that in Moscow, and for that matter in the entire Union, bricks were put "on the back burner." All funds and energies were devoted to the industry of completely prefabricated housing and precast ferroconcrete. Now they have recalled the brick industry and looked back, and we see astonishment and surprise on their faces. For example, in Moscow brick plants are still in operation that were built in the times of Peter. Every brick from here is paid for in bitter sweat. This is where efforts should be made and the industry should be helped. However, the response is exactly the opposite: "Close down production facilities, remove them from Moscow..."

However, the supply of raw materials—clay and silica sand—is the greatest problem experienced by the brick industry of Moscow. The absence of mineral deposits in Moscow Oblast is not the reason. They are available, but it is not all that simple to develop them. As a rule, all deposits are under plowed land or forest areas. Some sites allocated for development in Moscow have been designed by architects without taking into account the prior removal of raw materials—clay. Thus, in the future

new microrayon Butovo (South) it is envisaged to waste (build over) about two million tons of clay.

It is paradoxical that enterprises are on starvation diets whereas within a radius of 20 kilometers of Moscow alone there are raw materials for 50 years of operation.

The situation of plants that have their own deposits of minerals belonging exclusively to them, but are suddenly closed "for lack of raw materials," is even more lamentable. In these instances, the law "On the Mineral Wealth of the RSFSR [Russian Soviet Federated Socialist Republic]" does a poor job. Enterprises have raw material deposits registered, with the consent of land users, in the proper organs of state supervision and confirmed by local soviet organs. Yet, they cannot produce their own minerals in these areas without secondary consent of the same local soviets. The depth at which minerals are found is 18 meters. Above them, there is a layer of cultivated land that is half a meter thick. Who is the owner of such lots? You will say that he is the owner to whom the deposit belongs. You will not guess right. He is the master who has half a meter of cultivated land; that is, once again, those with whose consent an enterprise owns a deposit. The raw materials are yours, but you cannot take them. An astounding law.

A deposit of silica sand of unique quality for brick production was found in Lyubertskiy Rayon of Moscow Oblast as early as the years of the first five-year plans. Brick plants were built with a combined capacity of about 500 million [bricks] a year. Four years ago, one of the plants of the Lyubertsy Construction Materials Combine, with a capacity of 350 million, was closed. "There are no raw materials, the plant must be closed"—this is what the RSFSR Council of Ministers resolved. The brick industry objected: "Pardon us, but there are three sand deposits in the vicinity of the plant for decades of operation." In response, we heard: "And what about the Foodstuffs Program? We cannot disturb cultivated land..."

In early 1990, the Moscow Oblast Executive Committee refused to allocate to the Korenevo Lime-and-Sand Brick Plant 10-15 hectares from the plant's own deposit. The RSFSR Council of Ministers once again codified the ill-considered decision, proposing to switch the plant over to a different production line. That is, one more plant with a capacity of 130 million [bricks] a year was closed down. As a result, in this five-year plan Moscow stands to lose two plants with a capacity of almost 500 million.

An interesting picture emerges. We bought a brick production line with a capacity of 60 million [bricks] a year from the French for hard currency and commissioned it at the Golitsyno Plant; meanwhile we closed down our own capacities that are eight to nine times greater!

What kind of logic is this? After all, cities such as Mytishchi or Lyubertsy may be built with 500 million bricks! Many ministries and establishments that use bricks from Korenevo to build housing and service and



social facilities with their own resources have already been affected by the closure of this plant. There are over 160 such sites in the oblast. There are many residential buildings of the USSR Ministry of Defense among them. The concern of the USSR minister of defense may be appreciated if we take into account the fact that the volume of housing construction increases additionally in conjunction with the need to billet servicemen arriving from the countries of Eastern Europe. Appealing to Chairman of the RSFSR Council of Ministers I.S. Silayev, the minister of defense wrote in his letter: "I ask you to take measures to prevent the closure of the Korenevo Plant, and render assistance to the plant in allocating the lot requested for the production of silica sand." There was no response.

The Moscow Construction Committee approached the RSFSR Supreme Soviet for help: after all, a plant cannot be stopped and shut down just like that, cutting through living flesh. As early as 29 June 1990, Chairman of the RSFSR Supreme Soviet B.N. Yeltsin, who knows the

problems of the Moscow construction industry well, instructed the RSFSR Council of Ministers (Comrade I.S. Silayev) and the Moscow Oblast Soviet (Comrade I.M. Cherepanov) to resolve the issue. However, the Council of Ministers has been silent until now.

On the contrary, the Moscow Oblast Soviet embarked on more vigorous activities: commissions started operations and many conferences were held with the participation of authoritative personalities from the Moscow Oblast Soviet. They visited the site of future raw material production, and finally decided: to refuse to allocate the site sought, taking into account the opinion of Kraskovskiy Settlement Soviet, the land user, and the citizens of the "Korenevo" Experimental Farm.

Incidentally, the former Russian Agroindustrial Committee also ignored the request of the industry to allocate the site. Meanwhile, nearby collective and state farms will fail to receive about 30 million [bricks] when the plant is shut down.

## FOOD PROCESSING, DISTRIBUTION

### Stalled Cargoes Listed by Port

914D0125A Moscow NEDELYA in Russian  
No 1, 1-6 Jan 91 p 7

[Article by Ya. Shestopal: "A Shortage at Anchor"]

[Text] We have published in NEDELYA (No 50, 1990) an interview with V.I. Aliseychik, chairman of the All-Union Foreign Trade Association, which had to do with imported food cargoes delivered to Soviet ports and left unclaimed for a long time. The interview was accompanied by two summaries which told the reader how much of what kind of food was "tied up at anchor" where. The last names were even given of certain managers of the most sluggish organizations to which the cargoes were consigned.

At precisely the same time, all the news media, including television, began to report similar cases, but these had to do with the railroads. Nor did the warehouses and depots of the trade sector escape attention. Suggestions of economic sabotage glinted here and there.

You have to think that it really does exist. How otherwise can you explain a case like this: USSR Sovmin, Gosstab [State Committee for Material and Technical Supply], and other high-level official bodies twice a month receive from "Soyuzvneshtorg" detailed summaries with a list of cargo sitting in our ports for unknown reasons. But very little changes. Even if you allow that this is simply mismanagement or negligence, can they be tolerated in the present situation? Is it not time to bring the law to bear? After all, there is a relevant article in the Criminal Code.

But, however that may be, the summaries we published have yielded a favorable result. According to information of "Soyuzvneshtorg" in Leningrad, for example, the ice has begun to break up. Many cargoes mentioned in them have been collected. The only thing not being moved is the instant coffee, which the Leningrad branch of Rosoptprodorg is stubbornly not picking up from the port. Probably a boycott of this beverage has been declared in the city.

Other products ignored are rum by the Minsk Liqueur and Vodka Plant, chocolate by the Moscow Confection Factory No. 1, baby food by the Tyumen Oblast Wholesale Meat and Milk Trade Center, and other consignees for whom cargoes amounting to many tons have been held up in the seaports of Leningrad, Tallinn, and Riga. Containers of beds consigned to the Donetsk and Azerbaijan "Mebel" firm, soap for the Kabardino-Balkar enterprise "Rosgalanteriya" and the Sambor Depot of the Lvov Oblast Consumer Union, panty hose for the Leningrad association "Rostorgodezhda" and "Beltorgodezhda" in Grodno, furniture for "Mosmebeltorg," "Lenmebeltorg," and the Minsk association "Mebelstroymaterialy," and perfumery for the Moscow GUM [State Department Store] have been "resting" in the port of Leningrad since summer and fall. Nor have the Nizhnekamsk City Industrial Goods Trade Center and the Omsk Oblast housewares trade enterprise "Rosgalanteriya" been hauling knitwear out of the port of Tallinn.

And perhaps someone needs the throwaway syringes from the FRG? They arrived in Leningrad, if you please, back on 23 June 1990 on the diesel vessel Inzhener Bashkirov for the association "Rosmedintorg" of RSFSR Minzdrav. Some of them were distributed, and some have thus become hung up.

Just as we promised, we are continuing to publish summaries supplied to us by "Soyuzvneshtorg" on imported cargoes held up in the ports. This time—not only food cargoes, but also nonfood cargoes. These are those cargoes which have been standing "at anchor" a month or more. At anchor when there is an acute shortage of absolutely everything.

I would like to see these tables and the related commentary classified as a progress report to the competent authorities. Surely, they will be interested in learning that the Swiss newspaper TAGESANZEIGER published an article on 15 December 1990 which referred to the NEDELYA article entitled "Where the Cargo Is Getting Stuck" in reporting on our criminal negligence, mismanagement and sabotage. This is no intrigue by a Western special service, but, alas, a true story out of our own practice.

Summary of Imported Food Cargoes in Seaports as of 15 December 1990, in tons

Ports	Meat	Bulk Grain	Sugar	Coffee, Cocoa, and Tea	Canned Goods	Oils and Fats	Fruit
New Tallinn				68			59
Arkhangelsk		1817					
Leningrad	1104	24064	11305	501	731		
Tallinn				655			
Riga		340			100		2987
Ventspils							777
Klāypeda		1840				2747	
Kaliningrad		3038					
Reni		564			840		644

Summary of Imported Food Cargoes in Seaports as of 15 December 1990, in tons (Continued)

Izmail				50	313		
Belgorod-Dnestrovskiy					1310	15	
Ilichevsk				6475		15154	
Odessa	2125						
Kherson				863	70	1144	472
Nikolayev				135			950
Kerch				14			
Berdyansk							
Mariupol		18				832	
Taganrog							
Novorossiysk	1176	10644		69		10400	7750
Vladivostok	2804			67			1
Nakhodka	3219						1349
Total	10428	42325	11305	8897	3364	30292	14989

Summary of Imported Nonfood Consumer Goods as of 15 December 1990, in tons

Ports	Sewn Garments, Fabrics	Footwear	Synthetic Detergents	Furniture	Radio and Video Equip- ment	Motor Vehicles	Medicine, Syringes
Arkhangelsk				824			
Leningrad	369		249	1022			54
Tallinn	34						
Riga	114	63	130	2901			159
Klaypeda							151
Reni	45						2
Izmail	358	206		150			
Ilichevsk	850	258	57		69	5	127
Odessa	130		538				
Nikolayev	1377	30	2973		26		480
Kerch							66
Mariupol	54	7					
Termez							
Vladivostok			114				
Nakhodka							20
Vostochnyy							218
Total	3331	564	4061	4897	95	5	1277

### KGB Exposes Tea Hoarding at Tula Depot

914D0117A Moscow SOVETSKAYA ROSSIYA  
in Russian 11 Jan 91 First Edition p 6

[Article by S. Skorokhodov: "Why Steal from Yourself? Are Concealed Shortages Always a Crime?"]

[Text] Tula—The report of local newspapers to the effect that entire stocks of food products were discovered at the depot of "Rosoptprodorg" has shaken the inhabitants of Tula. They had good reason to be indignant! Oblast

specialists called to help in the fight against sabotage saw entire mountains of tea in the warehouses of the depot: more than 62,000 50-gram packages and 250,000 250-gram packages. And this is just Indian tea! Georgian tea represented a mountain of 60 tons. They also discovered almost 70,000 jars of Brazilian coffee. Note that the goods were not brought in yesterday but in October of last year....

Just once one ought to see these enormous monolithic lines clogging the stores and approaches to them on the day when they bring the goods there to sell. And if they bring more than one kind of product.... If, for example,

they bring chicks plus milk or vegetable oil.... In this event, the line will circle the store twice.

So one has to see this just once to understand the wave of indignation caused in people by the lines in the local newspapers about the stocks of food products. And the journalists had something to "play" with. I, for example, had also already forgotten when I saw the wine "Vechernyy Zvon" and tasted the champagne called "Brut." And I cannot even imagine 121,000 bars of chocolate at once—that is how much of it was discovered. And 15,000 bottles of different kinds were assembled there. So, after seeing and reading plenty about this, the citizens of Tula decided that finally those same warehouses, depots, and yards where everything is were found here as well. And now we will begin to live too!

Will we?

Let us think together: Is this depot chief of "Rosoptprodorg" abnormal in that he is filling the warehouses with thousands of packages of tea and millions of cigarettes and not releasing all of this for sale? Or will he sell 15,000 bottles of wine from door to door?

When the workers of the BKsSS [Fight Against Theft of Socialist Property and Speculation] caught the head of Department No 5 of the "Uzlovskugol" Workers' Supply Department Zheleznyakova with Indian mohair scarfs worth 2,625 rubles (R), everything was clear here. The gold items worth R37,000 concealed from sale by the manager of the Novomoskovskiy Jewelry Store No 10 Pustovalova and her sales personnel can also be disposed of quickly and profitably. But even the champion of the cigarette business, warehouse worker Glebova of Depot No 2 of Novomoskovskiy Catering Trust, was able to get rid of a mere 2,850 packets through "under-the-counter" invoices—they caught her. And here it involved R3.4 million.

"The publications made a lot of noise," thinks S.R. Belyayev, department head of the Tula UBKhSS [Directorate for the Fight Against Theft of Socialist Property and Speculation], "but as for the benefit...."

And Sergey Robertovich presents important reasons. You must agree that for so long we have been talking so much about economic reform that we have completely stopped noticing the "minor things." Such things, for example, as the rush work at the end of each quarter. Our plans worked out in detail by months just did not coincide with life. But "Medprom," which got so busy toward the end of the third quarter, is sending to its customer, "Farmatsiya" in Tula, 50 percent more output than was planned for October.

We have long been accustomed to such spasms in industry. Thanks go to the railroad people who "digested" the freight. At the Tula-3 station, however, 50 percent more freight piled up and not just of the people from Medprom. There is just one crane. And when the Tulaavtotrans Association comes to the station for its "planned" containers, the crane operator will not pick out of the piles of containers those that are for Farmatsiya.

And despite any trends toward perestroyka, the long-familiar war of the departments is beginning. The railroad fines the motor transport enterprise for the delay of cars. Tulaavtotrans fines the pharmacists if they delay the unloading of containers.

But such mutual "coverage through fines" will never resolve the problem, just as not even the strictest inspectors will solve them. For the fact that medicines were urgently removed from the container yard does not at all mean that other freight did not stand there beyond all norms.

So that everything will be clear in our story, we report that on 24 December more than 64 tons of tea were left at that same depot. And it was not because the people at Rosoptprodorg were not even afraid of the KGB. They were very much afraid! But instead of the 620 tons of the oblast "tea stock," they have already released 639 tons to trade. And in just three days—the 7th, 8th and 15th of December—another 74 tons of Indian tea arrived. And they delivered freight even from Georgia ahead of time. So just think, depot manager: beginning next year (now this year) Georgia and Azerbaijan have refused to deliver tea. So is there any sense in hurrying to get it to the store counters now? They will, of course, buy up the tea.... But what can be offered to the customer in January and February of next year?

And the story about chocolate is quite ridiculous.

"By decision of the Tula Oblispolkom, chocolate and candy were held at the depot for the organization of pre-New Year's trade and for children's presents," explains I.F. Rodnikov, department head of the UBKhSS.

So who is a saboteur here? The railroad, the depot or the oblispolkom? Or is it the general shortages, from the grip of which one cannot escape even with the help of the KGB?

They showed me a curious document at the Promtovary Association in Tula—the standards for current commodity stocks that the Russian Ministry of Trade intended for 1984. For the organization of trade, accordingly, meat and poultry, for example, are supposed to be stored at depots and warehouses for seven days of trade, fish for 21 days, sugar for 77, and tea for 100, just as in the case of hosiery, by the way. Even passenger cars are supposed to be available for 30 days of trade.

"That was six years ago!" the impatient reader will exclaim. "Such standards are a mockery today."

And he will be right.

"But this is a normative document that we are obliged to follow," any depot manager will patiently explain to him.



So it turns out that the customer in Tula who glumly stands in line for half a day, sometimes not in even knowing why, thinks that if there are goods at the depot while the store counters are empty, then they must have been stolen. And at the depot they think: if we are not hiding them, we are not stealing them! But apparently the Ministry of Trade does not care that the standards it worked out are not merely taken "from the air" but are a direct affront to the city dweller who has been hit by shortages. And the possibility—perhaps little by little—of pilfering and releasing scarce goods through "fake" invoices.

There is another question, the answer to which the workers of law enforcement agencies and, I think with particular feeling, trade workers are awaiting today. What is sabotage? Not according to the dictionary of Ozhegov but under the Criminal Code of the RSFSR. If it is a crime, then it is necessary publicly and very responsibly to point out its characteristics rather than to wave it above the crowd like a flag. But as long as there is no legal solution to this question, it will be interpreted arbitrarily.

### Higher Consumer Goods Prices in 1991 Reported

#### Report from Sverdlovsk

914D0115A Moscow *RABOCHAYA TRIBUNA*  
in Russian 9 Jan 91 p 1

[Report from *RABOCHAYA TRIBUNA* Sverdlovsk correspondent Vasilii Pankratov: "Not a Market, But Extortion"]

[Text] "We appeal to you, dear elected representatives of the people, to consider carefully all the circumstances and possible consequences of the decisions being made and not to allow a sharp decline in the standard of living of the residents of Sverdlovsk and the oblast..."

This appeal to the bureau of the Sverdlovsk party gorkom, the first secretaries of raykoms and the secretaries of the party committees of major industrial enterprises in the oblast center was read at a session of the oblast soviet, where the questions of price increases for meat and dairy products and other commodities in everyday demand were being discussed. This document states in particular that the proposal to raise prices submitted by the ispolkom had created a negative reaction in the labor collectives. People are indignant and alarmed by such acts and say that steps such as this can lead to unpredictable consequences. This is only a question of subsidies which at least compensate somehow for an increase in the living standard, but the prices in state stores have jumped two or three times as much.

One morning recently I went to a food store on Lenin Avenue. Customers were cursing the local and central authorities, but they were standing in line for meat which cost 12 rubles per kilogram.

But what will happen next? After these steps, the next jump will be in the contract prices in the stores. And then along the chain, as the city's party committees note, to the broad range of essential industrial commodities.

Managers of the major industrial enterprises in the city and oblast discussed this problem. A. Chubarov, director of the Ural Turbine Motor Plant; A. Tizyakov, director of the Sverdlovsk Machine Building Plant imeni Kalinin and chairman of the Association of State Enterprises; V. Semenov, general director of the "Pnevmostroymashina" Production Association; and others said it is not right for the residents of Sverdlovsk to take the first step in this direction in Russia. The tiny compensation of 30 rubles proposed by S. Vozdvizhenskiy, the first deputy chairman of the oblast ispolkom, cannot become a shield against the onslaught of the market. We must look for other ways and come out with proposals for the union and Russian governments to seek full compensation for the difference between existing prices and the free market prices that are being introduced. In A. Tizyakov's opinion, the prices for food and essential commodities must not be raised, but contract prices can be introduced for other goods.

The labor collectives of the Pervouralsk New Pipe Plant and other large enterprises in the oblast have protested to the people's deputies of the oblast soviet against the planned price increase as well. Deputy A. Antonov filed a protest on behalf of the collective of the "Uralmash" Production Association. The reaction to this was ambiguous. Oblast soviet leaders E. Rossel and S. Vozdvizhenskiy referred to the fact that the idea to raise prices did not come from the ispolkom, but the government, and they are prepared to reduce deductions for the state budget, thereby increasing the amount of the subsidies for the people and protecting them socially.

All the same, it appears that the most constructive proposals for social protection of the five million people in the Central Urals were made by the party committees. They suggested a study of the possibilities for raising prices at the same time that their level is indexed to basic consumer goods. In order to obtain funds for this, the party workers recommend that a system for taxing enterprises be reviewed.

#### Report from Vilnius

914D0115B Moscow *RABOCHAYA TRIBUNA*  
in Russian 9 Jan 91 p 1

[Report from *RABOCHAYA TRIBUNA* Vilnius correspondent Sergey Valyutskiy: "A Shock Without Therapy"]

[Text] This is how concisely and harshly, but most accurately, the morale of the absolute majority of Lithuanian residents can be described when they learned that they will now have to pay three to five times more than before for the most essential food products.

For example, 17 rubles [R] for a kilogram of butter, R13 for beef, and R12 for boiled sausage. A long loaf of white bread will henceforth cost 88 kopecks and a loaf of black bread will cost 1 ruble 72 kopecks. Need we say that the comments made by customers studying the new pricelists are best omitted in this report? As well as the emotional exclamations by persons going into the dining rooms and snack bars, by the way. For a small meat pie which cost 17 kopecks two days ago, we now have to lay out 1 ruble and 7 kopecks, and for a 13-kopeck sausage, we now pay 1 ruble and 17 kopecks.

It is best that I not describe how the schoolchildren and patients in the city hospitals dined this day.

It must be said that the reaction of Vilnius workers has not been limited to exclamations alone. Numerous enterprises in the capital have been seething since morning. Resolutions were adopted at a meeting of the collective at the fuel equipment plant and certain other enterprises demanding that prices be reduced immediately to the previous level and that the government resign. It was also decided to organize pickets at the republic's Supreme Soviet building.

And this is not a matter of the Vilnius proletariat being superconservative. (I take the liberty of calling the workers precisely that—as it turned out, they are completely deprived of their rights today!). I do not think there is one of them who has not realized that economic reform is essential. They have also been aware that this reform will not improve their well-being—at least in the initial stages. But that it has not improved it this much?

But how much, in fact? Let us try to figure it out. According to the statistics, food expenses for one member of the average Lithuanian family is still R57 per month. After the price increase they will jump to R180 to R240. For the present, the government is only planning to pay compensation for the price increase. And the amount will be very modest. So a family of four with an income of R580 (the average wage of one worker in the republic is R290) can count on a social grant... of R10. Divide R590 into the four mouths to feed and compare this with even the absolute minimum expenditures for food.

Why did they not at least begin paying the compensation at the same time the prices were raised?

"In order to pay the money, they have to receive it first." This is how Vice-Premier A. Brazauskas responded to this question. (He is the chairman of the Lithuanian Democratic Labor Party [Demokraticeskaya partiya truda Litvy], which has declared the political, social, and economic (?) protection of the working people to be its principal goal.)

Understand this—in order to pay the people, considerably more must be taken from them first. Only why is this called compensation?

So is the Lithuanian version of "shock therapy" beginning to work? This will be decided by the republic Supreme Soviet at its next session. The point is that many deputies are expressing doubts: hasn't the government violated the Law on Prices, which authorizes their reform only after adoption of a comprehensive mechanism of social and economic guarantees? And even the chairman of the Supreme Soviet, V. Landsbergis himself, expressed doubt whether the price increase was carried out "at the right time and in the necessary form." In his words, "we need to wait two or three days"...

But for the present, the situation in the republic resembles a "shock without therapy" more and more.

[Editorial comment] When this issue was being made up, we received a TASS report: The people protesting mainly the price increase, as well as the policy of the republic parliament and government, filled up all the space at the building occupied by the Presidium of the Lithuanian Supreme Soviet beginning in the morning on 8 January.

In this situation, the parliament, even without approving the agenda for the session that was being resumed, was forced to suspend the increase in retail prices for commodities that had been introduced on 7 January.

Supreme Soviet Chairman V. Landsbergis, obviously concerned by the situation that had developed at the building, made a statement on the republic radio and called upon the Lithuanian public "to protect its authority."

## GOODS PRODUCTION, DISTRIBUTION

### Domestic Electronics Industry Problems Noted

914D0120A Moscow RABOCHAYA TRIBUNA

in Russian 15 Jan 91 p 2

[Yu. Bushuyev and V. Volkovoy report: "The Anatomy of a Shortage. Neglected Electronics"]

[Text] We admit that it is difficult today to talk about the empty shelves in the stores and the absence on them of even the most vital kinds of consumer goods, and about the present unenviable position in which their producers in the sectors of the national economy find themselves. It must be admitted that we are all totally fed up with the excessively active criticism and accusations on the subject by some of the mass media, and their sometimes openly tendentious pieces on this score, and the almost daily statements by television and radio journalists about the impending and even present collapse, failure, and crisis of our economy.

The oversaturation, or, to be more accurate, poisoning, of people with this kind of single-minded and massive information, and indeed their intimidation with the expense of a future market economy, have already led to unrestrained and speculative demand by the public for everything and anything that is sold or bought, especially for expensive goods and durables. And although it is superfluous to draw readers' attention to these painful

problems yet again, nevertheless, recognition of the fact that burying our heads in the sand like ostriches is no good prompts us, if even briefly, to talk about the reasons for one very acute shortage that directly affects both the health of our economy in general, and each one of us. For it is a question of the need for rapid development of Soviet electronics, without which you and I will never be able to satisfy our demands and needs to acquire good-quality and relatively inexpensive domestic television and radio equipment, or the national economy to computerize and automate technological processes.

Following the completion of a check, USSR people's deputies—members of the USSR Supreme Soviet Council of Nationalities Commission on Consumer Goods, Trade, Municipal, Consumer, and Other Services, and workers from the USSR People's Control Committee—held a joint meeting to consider and analyze this problem. The main subject of their close attention was the work of the USSR Ministry of the Electronics Industry to increase output of the most important articles in the electronics industry for domestic radios. It is precisely because of shortages of these articles that none are to be found for sale, and why you cannot find either a television set or a radio, much less a video recorder.

So what has been happening? Where are the numerous television sets, and even the "high-priced" video systems, radios, and stereo tape recorders that even a few years ago could be purchased quite freely in any specialized city or rural store? The first answer is that they have started to produce fewer. But no. The check showed that the output of these items is being built up with each passing year. Their quality is being improved. Believe it or not, over the past two years the production of color picture tubes and integrated circuits has increased 27 to 30 percent. And the level of complaints about their quality has fallen 35 percent and by a factor of 1.5.

In short, from this aspect it would seem that there has been no major justification for the shortage. But what if we look more widely? Almost everywhere there has been almost unrestrained wage increases that have outstripped commodity growth. Naturally, the effective demand of the population has also increased. The mass of paper money has swept from the shelves not only the television sets but even stale goods. And higher prices for durables have appeared on the horizon. For radio equipment in particular. The flurry of demand has exposed our poverty. Whereas in the FRG [as published] and the United States there are 89 to 100 color television sets for each 100 families, and even more in Japan—160—in this country the figure is only 38. The picture with regard to video recorders is even more deplorable: only 1 per 100 Soviet families, compared with 40 to 55 in a number of the developed capitalist countries.

The question is, where were the directive organs in all these years? It can be said with confidence that they have not been standing aside from these issues. Moreover, in

April 1988, the resolution "On Urgent Measures To Accelerate the Development of the Electronics Industry" was adopted at the highest Union level. The resolution offered a comprehensive review of the solution to this problem: Clear-cut tasks were set not only for the electronics workers but also for those engaged in related work, and suppliers of chemical materials, special metal products, and much, much else without which the electronics industry cannot take a step forward in its development. But as has repeatedly happened, fine resolutions were adopted but there has been indifference toward realization of them. And there are many reasons for this. In this case, for example, chemical workers were obliged to produce by today 52 kinds of new materials of so-called electronic purity. In fact, 14 of them have remained undeveloped. Or, up to now the USSR Ministry of the Chemical and Petroleum Refining Industry has not even decided on the plant that is to produce soda with a low chloride content, without which it is absolutely impossible to produce high-quality glass for picture tubes. And this department has in general broken all conceivable records for sluggishness with respect to production of granular lead oxides; their dilatoriness with this production has lasted through three five-year plans! Add to this a similar situation with respect to the interruption in supplies of special rolled items from the metallurgists to the electronics workers...

This is why our domestic market is experiencing very acute shortages of domestic radio and television sets, while the national economy is experiencing the same with respect to microprocessors and personal computers, but there is nothing with which to produce them.

Construction workers have also made their "contribution" to the slowdown in the development of scientific and technical progress in the country. In particular, the above-mentioned resolution issued by the directive organs envisaged that this year 20 super-clean premises to produce very large scale integrated microcircuits would be built and brought on line. These objects are truly complex from all viewpoints. They are expensive, unique. But without them electronics workers simply cannot achieve qualitative growth in their products. Hundreds of these kinds of premises exist in the world. But it has become clear that to this day we do not have even one.

It is right to wonder at our short-sightedness, and also at the meticulous skill of economic leaders of all ranks and degrees in hiding behind every little objective reason and circumstance of their own sometimes irresponsible attitude toward their assignments and their inability properly to carry out the task that is set for them. And of course, the USSR Supreme Soviet and USSR People's Control Committee would have every right, as they say, to use their powers against those to blame for the failure to reach government targets. But after carefully weighing the pros and cons and discussing all the very complex nuances of this problem, at their joint meeting the USSR people's deputies and those conducting the checks reached what is perhaps the only correct conclusion: The



situation can now be saved not by punishing some particular officials but by action of quite another kind.

First, in order to make electronics stand on its own feet it must be given priority development, not in words but in deeds. Only as a priority government program (backed, of course, by the necessary funding and supplied with raw materials and material resources) will it be able in the near future to raise the technical level and hence productivity and work quality in all sectors of the national economy, without exception.

Second, this sector, perhaps as no other, needs not only a concentration of financial and material efforts by all of society in order to achieve its development, but also a unified technical policy and a unified scientific leadership. But today we quite often observe a desire to divide its industrial enterprises and scientific organizations along national and regional lines. At the joint meeting this was convincingly stated not only by leading national economic specialists invited to the discussion, but also by all the deputies taking part in the check. They had not been convinced by words alone of the very great destructive force of this process.

These two conclusions formed the basis of the decision that was reached by those attending the joint meeting. It contains, in particular, an appeal to the USSR Supreme Soviet, proposing that a national program be drawn up and implemented in the very near future to develop the electronics industry and provide it with every kind of government support, as is done in all the most developed countries. There is a foundation for this in the country. It is the 1988 resolution. It has already shown its viability in practice, and also the correctness of the positions assumed. Its failure to be fulfilled has been largely the result of the lack of necessary funding for the measures outlined, and it is the obviously inadequate material-technical support for the needs of the sector that have led to such deplorable results. But in order to prevent this from happening again, it has been proposed that the country's government not simply adopt a state program to develop this key sector of the national economy, but also to devise an effective mechanism to realize it.

The administrative belt-drive does not work. This can also be seen in the failure of resolutions adopted earlier. This means that we must think about market regulators, and organize them. As the chairman of the Supreme Soviet commission, G. Kiselev, said at the conclusion of the joint meeting, the development of electronics should be the top priority because it is the base on which the country's entire economy is being developed. It is connected with both the defense industry and new technologies without which we shall have neither the necessary quantity nor quality of foodstuffs and industrial consumer goods.

## HOUSING, PERSONAL SERVICES

### New Association Tackles Housing Problem

914D0122A Moscow TRUD in Russian 15 Jan 91 p 2

[Interview with Doctor of Economic Sciences V. Kudryavtsev, president of the "Zhilishchnaya Initsiativa" economic association, by TRUD correspondent O. Osipov: "The Housing Market. A New Association Proposes Joint Efforts To Resolve the 'Apartment' Problem"]

[Text] The contrast between the well-known assurances from our government to provide a separate apartment for each Soviet family by the year 2000 and the alarming statistical summaries of the last two years testifying to a significant cutback in the rates and scales at which housing is being commissioned is causing legitimate bewilderment among our readers. People have grown tired of promises and want as a minimum a truthful assessment of the situation and clarity with respect to what a future housing market can offer them. TRUD correspondent O. Osipov asked the president of the "Zhilishchnaya Initsiativa" economic association, Doctor of Economic Sciences V. Kudryavtsev, to share his ideas on the subject.

[Osipov] Vladimir Alexseyevich, it is understandable that the scale and rate of construction and the real welfare of Soviet people and their moral and physical well-being depend largely on the particular choice of approach to finding a solution to the housing problem. The existing situation, however, can be called a crisis situation. What, in your opinion, is the reason for this?

[Kudryavtsev] The present crisis is the natural result of the housing policy that has been pursued for decades: The state assumed the basic opportunities for developing housing construction, and in so doing has restricted the enterprises and organizations, and even the citizens themselves. This policy has been organically inscribed into the general system of administrative socialism. However, the extreme appetites of the departments and the erosion of the budget for the latest "foundation pit" or "project of the century," combined with the residual principle in investment in the social sphere, have made it impossible to lay the foundation in good time for resolving the housing problem in accordance with world standards. Therefore, the average level of housing for the population in our country is not even 10.6 square meters, or about 15.8 square meters overall per person. This is about half the level of the corresponding indicators in most of the East European countries and two or three times lower than these indicators in the developed capitalist states.

Here a total of 10 million families and single people still do not have separate apartments, and 3.8 million families and single people live in shared apartments, and another 20 million people live in apartments with high density indicators that are not in line with minimum sanitation standards. It is precisely these circumstances that served as the basis for the "Zhilye-2000" program



that was recently adopted and envisages a doubling of housing construction by the end of this century, thus providing each Soviet family with a separate apartment or house.

[Osipov] But officials now already prefer to forget that program...

[Kudryavtsev] And that is not happenstance, because the program cannot now be considered viable. First, because it was based on administrative distributive principles that had already shown themselves to be unsound, and on predominantly state funding sources. Second, because even from the time that the program was being drawn up, proposing that the sum of 460 billion rubles [R] be spent on housing construction and repair and general investments, giving due consideration to social, main services, and an operating infrastructure to the tune of R1 trillion, the overall economic situation in the country started to deteriorate sharply. Third, because from the standpoint of social justice this program was far from ideal. Its basic thesis of "a separate apartment for each family" could in the long term not extend to a situation in which more and more young families would receive a new apartment while tens of millions of families had lived for many years in apartments (admittedly separate apartments) but with a small area of housing per person, and would have to remain in them.

Moreover, it should be added that realization of the "Zhilye-2000" program in its earlier form was not without danger with respect to inflation, since it was linked to the wages of workers in the construction complex who would be receiving more than R300 billion in wages not covered (given the free nature of housing) by any flow of accumulation from other strata of the population.

At the same time, the very volumes of housing construction envisaged by the "Zhilye-2000" program could not be considered as anything but a minimum whatever the circumstances.

[Osipov] So if the state is unable to insure the necessary growth in the volumes of housing construction, then nothing remains but to focus on increasing the contribution from citizens themselves to its financing, is this not so?

[Kudryavtsev] Yes, precisely. Although given the earlier practice in the "gratuitousness" of housing, it was only pro forma. Free housing could be made available to citizens only if, for example, it was built using funds from the sale of natural resources, and so forth. But in our country, the source of "gratuitousness" is something else, namely, a considerable proportion of our unpaid labor, and the so-called public consumption funds that are taken from us. However, when demand exceeds supply this approach has not only failed to solve the problem of social justice in the allocation of housing but has even placed one part of the population in the humiliating position of those waiting while another part

(those who have become members of housing-construction combines or have built their home themselves) find themselves in the position of people essentially forced to pay twice—for their own housing and for something abstract that in some veiled form takes money from those people's wages for public funds. This mechanism must undoubtedly be replaced with another whereby a person has a greater sense of being master of his own destiny.

[Osipov] Does not the program known under the name of the "500-Day" program imply this?

[Kudryavtsev] I would define my attitude toward the corresponding section of the program as ambivalent. Of course, it is important to try to include housing in a system of free market relations and smash the system of state monopoly in the allocation of housing. As an economist, I also welcome the idea of the privatization of housing based on preferential purchase of it by citizens for some symbolic payment, which can help to stabilize and improve the budget and lower inflation.

In my opinion, however, the program also contains serious defects, in particular the single mechanism for the privatization of housing is a long way from social justice. It may be that the winners will be families with relatively good incomes, while those in greater need of improved housing conditions lose. At the same time, accelerated privatization will to some extent reduce opportunities for the public to make use of the monetary assets that they do have for additional construction. And the main defect in the program is this: It places the emphasis on what to do with the existing housing inventory but fails to answer the question of how, during the switch to the market and when it is being created, to insure swift resolution of the housing problem. For this, what is needed is a comprehensive package of measures to shape housing policy.

[Osipov] What are your proposals in this regard?

[Kudryavtsev] First of all, it is necessary to decide how to mitigate the social injustices permitted earlier in the allocation of housing from the public inventory, and how to use the existing inventory as a basis for organizing further improvement in housing conditions for citizens. I think that it is advisable to transfer the housing inventory to municipal ownership and simplify the procedure for strictly voluntary purchase of housing occupied by citizens at this time, and to make provision for unconditional payment (a one-time payment or by installments) for above-normative housing area by all citizens, without exception, who have housing belonging to the state or public inventory. This socially guaranteed norm should be set at a level of nine square meters, which corresponds roughly to the present indicators for average living space per person and is at the same time the minimum sanitation requirement.

Payment for above-normative living space affects about 20 percent of the families with relatively high incomes. This step would become an additional incentive to

encourage some families to give up their above-normative living space. The most favorable conditions should be created for such families to choose housing with a smaller living area, giving due consideration to their requirements. And the funds obtained by the local soviets for above-normative living space will make it possible to accelerate the construction of apartments and houses for socially unprotected population groups.

A second important direction is the development of direct state participation in housing construction and strengthening its production base. Present financial difficulties notwithstanding, making use of the potential of conversion and opportunities for additional budget income from denationalization in industry and the services sphere, the state should assume at least 55 percent of the burden of financial and material expenditures in the housing sphere during the 13th Five-Year Plan, and 45 percent during the 14th Five-Year Plan, orienting itself primarily on the needs of lower income strata.

The state should also assume the main role in creating a commodity market for construction materials. A buildup of state enterprises that produce these materials, and their free sale, not only will not worsen the condition of the budget and the inflation situation, but on the contrary will help to normalize the economy.

During the initial stage these measures will, in particular, also be a guarantee for the successful realization of the third direction—developing collective and private initiative in solving the housing problem and the very rapid “materialization” in housing of the considerable free assets of citizens and enterprises.

[Osipov] Is what you have in mind creating conditions for expanding the scales of cooperative and private housing construction?

[Kudryavtsev] Yes. Today it is the acute shortages of construction materials and contractor capacities that are hampering development of these forms. It is necessary to change overall investment policy and reallocate resources in favor of the housing sector, and to provide incentive for entrepreneurship and a commercial sector in the housing-construction complex.

It is exceptionally important when this is done to create mechanisms as quickly as possible to attract spare money from the public, not so much for direct housing construction but rather during the initial stage to build more plants to produce construction materials through the purchase of shares.

At the same time, the potential of traditional forms of cooperative and private housing construction should not be overestimated, since large volumes of long-term credit are needed here, and the state has virtually no credit resources.

The solution lies in extensive development of the new mixed forms of housing ownership as envisaged by the Law on Ownership, within the framework of the state-cooperative

(municipal-cooperative) and department-cooperative housing inventory. It is proposed that they be formed with the participation of cooperatives of a new type set up under the executive committees and at enterprises that have a departmental inventory, in order to improve housing conditions for the members of those cooperatives.

They will retain the principle of gratuitousness for housing acquired earlier, but they may improve their own living conditions for some additional payment. Here, the area freed up will be offered to the members of the cooperative next in line. Under our conditions, mixed forms of ownership will best enable the combination (not in some abstract way but within the framework of a specific apartment or house) of national, collective, and private interests and a specific contribution made by the executive committees, enterprises, and citizens to improving housing conditions.

Making use of these forms during the period covering the switch to the market can, with relative painlessness for particular citizens, provide them with an opportunity to improve their living conditions without using budget funds and credit resources. At the same time, there is no need for them to pay the full cost of a new apartment or house. The merit of these forms is also that members of cooperatives not only lose the artificial attachment to their own housing but by making an appropriate new contribution to the cooperative will be able to insure for themselves repeated improvement in their living conditions, and if they wish, they can redeem the executive committee's share and become the sole owners of apartments.

[Osipov] Unfortunately, even good ideas and laws often remain unrealized because of the lack of specific mechanisms to implement them. Will that be the fate of your proposals?

[Kudryavtsev] Particular concepts or laws just remain on paper most often when they are artificially foisted on the people and do not reflect their needs. But in our proposals the interests of the public are given top priority. It is also important that we not only have the concept but have prepared all the necessary documents regulating development of the new forms for solving the housing problem. In particular, we have prepared standard provisions on the state-cooperative and department-cooperative housing inventory, standard charters for the corresponding housing cooperatives, and standard provisions on auctions to sell housing, along with a whole range of other documents that specialists from the “Zhilishchnaya Initsiativa” association are already starting to use in the cities of Reutov, Zheleznodorozhnyi, and Zhukovskiy in the Moscow area and the Pervomayskiy Rayon in Moscow, where together with the large banks and production and scientific organizations, the executive committees are among the founders of our association. Territorial agencies for the association are now being set up in many other cities in the country. The

association invites other executive committees, and also enterprises, to cooperate in mastering the new forms for solving the housing problem, and jointly to build up additional production capacities for the construction complex on the basis of nonstate funding sources. We are ready to provide these enterprises with assistance in changing their production profiles, selecting technologies and equipment, and investment and marketing of output on a commercial basis.

The "Zhilishchnaya Initsiativa" economic association provides the following telephone numbers in Moscow for business contacts: 200-44-26, 200-08-90.

## PERSONAL INCOME, SAVINGS

### Income Differentials During Transition to Market Noted

914D0111A Moscow ARGUMENTY I FAKTY  
in Russian No 2, Jan 91 pp 1-2

[Interview with L. Pronina, candidate of economic sciences, by ARGUMENTY I FAKTY correspondent G. Valyuzhenich: "A Guarantee Against Poverty"]

[Text] *While for the overwhelming majority of able-bodied people the transition to the market is unavoidably linked with a decline in the standard of living (consumption in 1991 will drop by an average of no less than 25 to 30 percent, according to specialists' estimates), for the elderly, the disabled, and the young families with children, it is a sharp drop. How are they to be protected under these conditions? Our correspondent G. Valyuzhenich discusses this with L. Pronina, candidate of economic sciences.*

[Valyuzhenich] Lyudmila Ivanovna, the government has adopted a number of decisions, in particular, to increase the allowance to care for a child up to a year and a half of age to 70 rubles [R], as well as to introduce a single family allowance for children from a year and a half to six years of age (50 percent of the minimum wage for each one) when the average per capita income in a family is no more than double the minimum wage (that is, as of today, R140 monthly per person). To what extent are the measures proposed capable of protecting a family with children during the transition to the market?

[Pronina] These decisions essentially do not take into account the transition to market relationships. In fact, the mechanism for assistance itself is not being changed. As before, it is in the form of fixed sums of payment, although it is calculated from the level of the minimum wage. But inasmuch as it has been frozen here for decades, it really will not have a noticeable effect on a change in the per capita income. (Thus, in a family with three children it will increase by no more than R21, in a family with two children it will increase by R17.5, and in a family with one child it will increase by roughly R12.)

But in the meantime, life is becoming more expensive. This year the inflation level is expected to be up to 25 percent.

In addition, this assistance does not protect a specific child who is growing and developing, but some abstract being, and it cannot be effective for this reason. After all, there are various kinds of expenses for a child even between one and a half and six years of age. From one to two years of age (with an efficient budget), the expenses for a child add up to R90, but from three to six years of age, they amount to R114 per month.

Further. The decision also appears to take into account the average per capita income (no less than R140 per month), but are families which receive R50 and families which have a per capita income of R130, let us say, under identical conditions?

This assistance does not take into account consequences of the market such as unemployment. If one of the parents is unemployed, the family income declines sharply at the same time (for certain categories the unemployment allowance may be no more than 50 percent of the minimum wage). But why should the children suffer because of this?

A monthly allowance for children up to 16 years of age in all families where the average per capita income is below the established subsistence minimum would be more in line with a market condition. Additional payment for each child should be individual, that is, it should be changed not only in conformity with a change in per capita income, but with a change in the subsistence minimum as well. This combination of steps would require an allocation of R18 billion annually. But the state assistance program is estimated at R14 billion.

For the purpose of increasing the birth rate and providing assistance to families with very young children, it would be necessary to establish an allowance to care for a child up to three years at 50 to 100 percent of the mother's wage. The percentage should increase as the first, second, and third child are born.

The allowance for child care for women who have not been working should not be less than 50, 70, and 100 percent of the subsistence minimum. Roughly an additional R11 billion annually would be required for all this, and about R92 per month would be paid on average for each child up to three years.

What could be achieved in this case? First of all, increases in the birth rate in families with middle and higher incomes. The proportion of such families will increase in the transition to the market as the result of intensified income differentiation. And will a woman who receives R300 to R500 per month, for example, want to be satisfied with R70, which is only 27 percent of the average wage, for a year and a half?

[Valyuzhenich] But where do we obtain the funds for a serene childhood?

[Pronina] We need to change the social security system basically for this. And the mechanism for financing it, in particular. The state is now trying to find the funds for social security by shifting money from one pocket to another, and there is a vicious circle as a result: they attempt to correct the insufficiency by increasing insurance rates, which leads to an increase in the wholesale and then the retail prices, and as a result... to a new level of insufficient provision once again. The state is compensating for the lack of funds by printing new currency, which leads to an emission... It is necessary to decentralize this system and develop different sources of financing: collective and regional social security funds, and special-purpose, self-managing (based on the issuance of securities), and private sources.

In this case, the assistance through centralized state funds should be provided at the level of a guaranteed minimum (for each category of persons unable to work), but above this, it should be provided through social funds, which will be increased under market conditions; most importantly, it will be provided by earners who have money available. As a result, the state could save R19 billion in 1995, according to my calculations.

[Valyuzhenich] Are you referring to monetary payments? This is good in itself, of course. But will they be able to protect the persons living alone, the elderly, and the helpless?

[Pronina] In crisis situations, when there is a general shortage of commodities, it is important to provide assistance not so much in the form of money as benefits and services in kind. This is the way assistance is provided in Sweden and Finland, for example. **Support and benefits in kind should not only supplement the monetary compensations (payments in connection with income indexing), but also provide the only guarantee of welfare for the elderly and disabled who are not sufficiently provided for under the conditions of a market economy.**

In this connection, it is suggested that the following benefits be introduced. Free food (through public catering enterprises) and provision of a guaranteed group of medicines without charge. Financial assistance in the form of checks for a specific sum to obtain essential nonfood commodities.

But the approach should be individual here as well. A person must be given the right to decide and choose

himself what is important for him. What amount of the minimum guaranteed for him that he wants to receive in the form of money, and what amount in the form of services and in kind (means of transportation, travel permits, care in boarding houses, and the like).

We now have 11 million elderly and disabled persons who live alone and need service in the home. They also must be given the chance to receive the services they need. One person needs his apartment cleaned or to go for a walk, for example, and another one wants to have items delivered or have food prepared, and so forth. In other words, a person should have the right to choose the services. He should pay for all services provided to him above the social norm (the minimum cost of providing him with the most essential services). For this we need only to establish special surcharges for a pension or provide additional payments through collective regional social security funds.

[Valyuzhenich] At present, only one-third of the one million needy people are accommodated in boarding houses, and there is little hope for them in the future.

[Pronina] Under the conditions of a market economy, social security for these persons must be fully guaranteed. This means if a needy person is denied state assistance (accommodation in a boarding house, service in the home), he should be paid a monetary compensation within the limits of the standard costs of providing given types of services. After all, in a developed market for services, this will become practical. For example, no more than R3 million annually will be needed for the monetary compensation of the industrial invalids in Groups I and II instead of the the benefits which they are not using.

And finally, the most important principle, which in our opinion should form the basis of the conception of social protection for persons unable to work in the transition to a market economy. Not one person unable to work should be provided for at a level lower than the established subsistence minimum, which is not identical for the elderly, the disabled, and children. For example, for pensioners, in accordance with their age at the end of 1989, it was no less than R100 per month. Only those who receive social pensions may be an exception, and their payments should not be less than 90 percent of the cost of the subsistence minimum for the category of the person who is unable to work.



**Distribution of the Families of Workers, Employees and Kolkhoz Farmers with Children up to 16 Years of Age, by Total Average Per Capita Income, in Percent**

	Altogether	Including with a total average monthly income, in rubles						
		Up to 75	75.1 to 100.0	100.1 to 125.0	125.1 to 150.0	150.1 to 175.0	175.1 to 200.0	Above 200
All families of workers and employees with children	100	18.3	20.4	22.5	17.1	9.8	5.2	6.7
Including:								
Families with one child	100	8.2	15.5	23.2	21.5	13.8	7.8	10.0
Families with two children	100	17.8	26.3	25.7	15.5	7.2	3.3	4.2
Families with three children	100	48.2	27.1	13.9	6.1	2.4	1.2	1.1
Families with four children	100	75.2	16.7	5.6	1.5	0.6	0.2	0.2
Families with five or more children	100	90.2	7.5	1.6	0.3	0.3	0.1	—

**RSFSR Income Tax Liability Figures Listed**

914D0110A Moscow ARGUMENTY I FAKTY  
in Russian No 2, Jan 91 p 8

[Report on income tax figures]

[Text] I am aware that the RSFSR has handed down a law on collecting income tax from citizens. Is it true that the rates for taxing citizens are less there than those found in the union law? O. Savelyev, Voronezh.

Yes, this is truly so. On 2 December 1990, the Supreme Soviet of Russia adopted the RSFSR law "On the System for Employing, on the Territory of the RSFSR during 1991, the USSR Law Entitled Income Tax From USSR Citizens, Foreign Citizens and Non-Citizens."

In addition to other changes in the mentioned law, a change has also been implemented in Article 8 of the USSR Law—on the rates for taxing the income of manual and office workers and citizens on a par with the latter in terms of taxation. The income tax is collected in the following amounts:

Amount of monthly income (in rubles)	Total amount of income (in rubles and kopecks)	Amount of monthly income (in rubles)	Total amount of income (in rubles and kopecks)	Amount of monthly income (in rubles)	Total amount of income (in rubles and kopecks)	Amount of monthly income (in rubles)	Total amount of income (in rubles and kopecks)
151	0-20	164	5-60	176	10-40	189	15-60
152	0-50	165	6-00	177	10-80	190	16-00
153	0-90	166	6-40	178	11-20	191	16-40
154	1-40	167	6-80	179	11-60	192	16-80
155	2-00	168	7-20	180	12-00	193	17-20
156	2-40	169	7-60	181	12-40	194	17-60
157	2-80	170	8-00	182	12-80	195	18-00
158	3-20	171	8-40	183	13-20	196	18-40
159	3-60	172	8-80	184	13-60	197	18-80
160	4-00	173	9-20	185	14-00	198	19-20
161	4-40			186	14-40		
162	4-80	174	9-60	187	14-80	199	19-60
163	5-20	175	10-00	188	15-20	200	20-00

Amount of monthly income (in rubles)	Total amount of income
From 201 to 1,000	20 rubles plus 13 percent of the amount in excess of 200 rubles
From 1,001 to 1,200	124 rubles plus 15 percent of the amount in excess of 1,000 rubles
From 1,201 to 1,400	154 rubles plus 20 percent of the amount in excess of 1,200 rubles
From 1,401 to 1,600	194 rubles plus 30 percent of the amount in excess of 1,400 rubles
From 1,601 to 3,000	254 rubles plus 40 percent of the amount in excess of 1,600 rubles
More than 3,000	814 rubles plus 50 percent of the amount in excess of 3,000 rubles

### Belorussian Incomes To Be Indexed for Inflation

914A0318A Moscow *LITERATURNAYA GAZETA*  
in Russian 9 Jan 91 p 3

[Article by A. Kozlovich in Minsk: "Are We Not Afraid of Inflation?"]

[Text] What is the minimum living wage or the level of inflation today?

Various figures are cited, and which differ substantially. What is the true situation and the state's point of view?

In order to find this out, let us call on Belorussia. On New Year's Eve, the Supreme Soviet passed the Law on Indexation of the Population's Incomes for Inflation.

Already in January we must objectively determine the level of inflation and the minimum living wage and inform the population through the press. And we must do this monthly from now on. Monetary incomes will be indexed if the consumer price index exceeds five percent. Then wages, pensions, stipends, and benefits will automatically increase, but not all equally. If your income is within the minimum living wage, you would be compensated for an increase in cost of living on a 1:1 basis. If you earn the minimum living wage, your compensation would be 0.8; the compensation would be 0.5 if you receive between two and four times the minimum living wage. Everything over and above four times the minimum would not be indexed at all. In the opinion of legislators, that is because inflation would not be a problem at all for you.

The new law guarantees a gain for the poor and a loss for the rich. The goal is social fairness. I do not know if this will be achieved, but for now, for no reason at all, a paragraph has appeared in the law on... taxation of "additional income from indexation." Mercy, can this really be considered as income? It can, it turns out, if you follow the logic of the Belorussian legislators.

## ENERGY COMPLEX ORGANIZATION

### **'Emergency Shutdown' at Chernobyl Reported**

914A0325A Moscow *RABOCHAYA TRIBUNA*  
in Russian 12 Jan 91 p 1

[*RABOCHAYA TRIBUNA* correspondent G. Dolzhenko report: "Emergency at Chernobyl Once Again"]

[Text] The alarm from the fire on 10 January in the cable compartment feeding the cooling pumps of third power unit at the Chernobyl AES [Nuclear Electric Power Station] had not subsided before a new emergency struck.

Literally a few hours later there was an emergency shutdown of the first and second power units. As announced at the station, at 0057 hours yesterday, during planned transfers in the water-treatment system, a mistake on the part of the personnel caused a sharp deterioration in the quality of the water supplied for cooling the power generators of both units. The quality of the water was below the permissible limits. In this connection the generators were discharged and switched off from the main supply line, and the reactors were engaged in backup mode.

On the international scale of evaluations of events at an AES this situation pertained to a 1, that is, the incident was minimal. But we take no comfort from this. Today a

female operator shut off a wrong valve, and someone's blunder in December caused an explosion at the nitrogen-oxygen plant. And to what will someone's oversight lead tomorrow?

### **Moldovan Energy Rate Increases Noted**

914E0047A Moscow *TRUD* in Russian 16 Jan 91 p 1

[Article by TASS correspondent F. Angeli: "Energy Has Become More Expensive"]

[Text] Kishinev—The Government of Moldova has adopted a resolution "On Confirming the Coefficients of Changes in Rates for Electricity and Heat."

It is noted in the document that effective 1 January 1991 one kilowatt-hour will cost all enterprises 5.13 kopeks. There were no particular objections to this on the part of the management of these enterprises. Setting electricity rates for household consumers in rural areas turned out to be the most difficult part. They will now have to pay four kopeks per kilowatt-hour instead of one kopek. The new electricity rates are not being set for a long period of time. They will be revised every six months.

The increase is explained by the fact that the main outlays of the Moldenergo [Moldovan Regional Energy Administration] Association have increased sharply in 1991, primarily those on fuel and shipping coal, fuel oil, and water by rail.

### Draft Legislation Addressing Unemployment Discussed

914F0108A Moscow SELSKAYA ZHIZN in Russian  
9 Jan 91 p 4

[Article by I. Konovalova: "Unemployment: The Pluses and Minuses"]

[Text] As you can imagine, with all the complications, squabbling, and upheavals in our life today, the fact that we can also be left without work becomes absolutely dismal. Statistics attest to the fact that 18 to 20 percent of the labor force now in the country's enterprises is superfluous. Let us consider the fact that this is now, at a time when nearly one-third of the kolkhozes and sovkhozes are weak and unprofitable, as an example. But what will happen tomorrow, when enterprises that are operating inefficiently and unprofitably, the ones that cannot stand up to the competition under market conditions, begin to shut down one after the other?

These and many other questions arose when the draft of the Fundamentals of Union and Union Republic Legislation on Employment were discussed by the USSR Supreme Soviet.

The labor market has long been identified by the public with the presence of mass unemployment, with the element of mass dismissals, and for this reason, it has been viewed as an antipopular phenomenon against which the Soviet citizen should be protected by the state. This is one of the many discoveries we will have to make: the labor market has a large number of positive characteristics. First of all, a person acquires economic freedom and is in charge of his own labor, choosing not only his place of work, but his way of life as well.

The second plus follows from the first one. If there is no administrative coercion toward labor, enterprises and production facilities with obsolete technologies, poor working conditions, and a low level of production organization risk being left without personnel and will be forced to provide the people with everything necessary for normal fruitful labor. Thirdly, the new law considers manpower as a commodity, so each person has the right to sell his labor, knowledge, talent, and energy and to seek work that is suitable for this—suitable from the viewpoint of wages, working conditions, and social conveniences.

The draft of the fundamentals of legislation prohibits administrative enlistment of labor in any form and fully guarantees voluntary labor, so every able-bodied person has the right to make a choice: to work or not, to engage in active or passive types of occupations. It is surprising, but true: we will have to forget such concepts as "parasite," "drifter," and a "person without a specific place of work."

However, won't the state be shifting all the responsibility for our future from itself to us this way? Since we ourselves are the managers of our labor, they say, since we have the right to choose the work that suits us, and

even grant ourselves indefinite leave, generally speaking, then will those who are left without work be granted this as well? No, the draft of the fundamentals consolidates preservation of the right to work as the most important personal right, the right to suitable paid employment. "Suitable paid employment" is also a term that is new for us. It defines specifically the state's obligation to offer an individual a place of work which takes into account his age, occupation, length of service, education, and other circumstances.

Two points of view on the possibility of unemployment itself were brought to light during the discussion on the draft fundamentals. One of them is based on the experience in developed countries, where a minimum level in unemployment is not considered a disaster, but as a manpower reserve, a factor for increasing productivity, discipline, and so forth. However, our government categorically disagrees with this viewpoint and is putting another conception into the draft law. Inasmuch as we have been and remain a state of the working people, we should establish a system which prevents unemployment. But is this realistic?

In any event, it is assumed that the workers released under market economy conditions will not be excessive manpower, but a kind of reserve army of labor which will begin here to prepare for new work. It is planned to establish a ramified and well-equipped state employment service which, unlike a labor exchange and a job placement bureau, will help persons to find work places, analyze the labor market, forecast development of the system of work places, and organize vocational guidance.

The employment centers are state organizations. Naturally, they will operate in accordance with the local situation. And the draft as a whole provides for the absolute majority of functions in regulating the labor market to be transferred directly to localities: settlement, city, rayon, and oblast soviets of people's deputies and their executive committees. This is where there is serious apprehension that those most complicated and completely new tasks which have been cited will be entrusted to the soviets that have not become firmly established yet and will remain a good intention for a long period of time. Competent sociologists are needed, and it is common knowledge that there are only one or two in the country. And qualified instructors, and equipment, and the organization of control and accounting?..

It must be said that the law suggests a way out of this situation for local soviets that is quite original. It gives the opportunity to soviets to provide incentive for enterprises to create new work places through taxation, financing and credit, and other economic methods. On the other hand, the soviets have the right to introduce quotas for all enterprises and organizations in their territory, regardless of the forms of ownership and economic operation, for the placement of graduating students, former servicemen, the disabled, women with small children, and other citizens who need the support and protection of society, including former prisoners.



There is one more fundamental consideration. We know that rural areas lack the complicated infrastructure without which a market is not possible. Roughly speaking, we can still produce output, we are still honored to raise a crop, but we are unable to preserve, deliver, package, or sell it at a profit. There are practically only two occupations that have been developed in the countryside: machine operator and milkmaid, and a great many of them are required. However, the draft of the fundamentals uses the term "new work places" only in the quantitative sense. So where will the entire range of rural occupations, without which normal life is impossible here, come from and how will they be revitalized?

Let us assume that a person was worked thus far under pressure as a tractor driver. He has been working without any show of talent and unhappily, but during this time he wanted to be an enterprising merchant, the person without whom up to 40 percent of our harvest goes to waste nowadays. Will he himself, acting alone, be able to set up his own business? And what if he decides to open a private boarding school for the farmers' children or a home for the aged, or a cafe? Fashioning lace, dressing hides, weaving fabric, making furniture... A great deal will be found for those willing to engage in a useful and profitable business. In the West, it is precisely the state which helps such persons to adapt to a business undertaking and occupy a vacant social niche; the state also helps with funds, and advice, and action. It is a pity, but the draft of the new law sets the objective of ensuring that there are no unemployed persons in our country, instead of aiming at raising a class of rural craftsmen and helping those who decide to open their own business.

What will the employment problem cost? It will cost the country roughly 12 billion rubles. Where will these funds come from? From force of habit, some people have suggested that we put our hand in the state budget's pocket once again. However, the International Labor Organization, which takes world experience into account, suggests that financing be through payments by enterprises in a percentage of wages. Obviously, we will have our own variation that is somewhat different: a fund will be formed both at the expense of the enterprises and the budget, but the percentages will be determined by the laws of union republics.

The system of financial support and the amounts and periods of unemployment assistance aroused the most disagreement. V. Shcherbakov, chairman of the USSR State Committee for Labor and Social Problems, expressed the apprehension, not without grounds, that there are a vast number of people in the country who do not want to work at all and will not accept an offer to work, but they will be pleased to receive an allowance. Incidentally, in the West roughly 60 percent of the unemployed have never worked at all and do not want to work, and the amount of unemployment assistance suits them completely. In our country, where social parasitism has flourished profusely, it is obviously not worth while to expect a better picture. Our average wage is 260 rubles. If the allowance amounts to 70 percent, that is,

180 to 190 rubles, as the AUCCTU [All-Union Central Council of Trade Unions] insists, won't it turn out that society itself will provoke artificial unemployment, for persons will have the questionable choice of working for 250 rubles or having free time for 190 rubles? The government insists that under Article 15 of the ILO [International Labor Organization] Convention, unemployment allowances should be set no lower than 50 percent of the last earnings. Each republic can adjust this further in conformity with its own capabilities.

The deputies encountered difficulties in discussing literally every point in the draft of the fundamentals. And it is no wonder—the employment problem is a completely new one for us, and it cannot be resolved at one fell swoop. The Fundamentals of Union and Union Republic Legislation on Employment were adopted on the first reading and work on the document will be continued in the regular session of the USSR Supreme Soviet, which has begun.

#### Laws Needed To Protect Workers During Market Transition

914F0110A Moscow TRUD in Russian 5 Jan 91 p 2

[Interview with V. Romanov, deputy chairman of the Federation of Independent Trade Unions, by TRUD correspondent A. Kozlov: "Two Months for Reflection"]

[Text] The participants at a plenum of the Council of the FNPR [Federation of Independent Trade Unions] decided that the governmental organs for the adoption of legislative acts aimed at protecting the interests of workers during the transition over to a market economy required two months for reflection.

During the course of a discussion which took place at the plenum concerning the present situation and the urgent actions of the trade unions, the conclusion was drawn that the FNPR cannot serve as a detached observer of the negative phenomena which are taking place throughout the country today and which are infringing upon the interests of workers. In the appeal addressed by the plenum to the RSFSR trade unions, it was noted that the raging of a "wild market" and uncontrolled growth in prices have brought about a sharp deterioration in the material status of broad layers of the population."

A situation has developed throughout society that is fraught with serious social consequences. The people are losing faith in the possibility of improving their status and they do not know which of the several recently published programs for converting over to the market will be accepted as the foundation by the administrative organs or what awaits them in the future. The FNPR Council has called upon the member organizations of the federation and the primary trade union organizations of the RSFSR to hold meetings and conferences during the first half of January 1991 in order to express their attitude towards the tardy action by the higher legislative organs of the USSR and RSFSR in adopting vitally important laws and to demand that solutions be found,

no later than February, for a number of urgent problems associated with consumer requirements, price policies, impending unemployment and others.

A TRUD correspondent asked V. Romanov, deputy chairman of FNPR, to comment upon the decisions handed down by the plenum of the FNPR Council and the appeal adopted by its participants.

"The FNPR Council has declared and is declaring," stated V. Romanov, "its support for the specific decisions handed down by the organs of RSFSR government and the republic's special congress of people's deputies, in connection with defining the priority measures for stabilizing the economy and creating the prerequisites for emerging from the crisis. At the same time, the council views as intolerable any delay in the development and adoption of those legislative and normative acts aimed at protecting the rights and interests of workers under the conditions of a market economy and the absence of a reliable mechanism for implementation by the state of guarantees in solving some of the more urgent social problems.

"In October of last year, when speaking before a session of the RSFSR Supreme Soviet, B. Yeltsin stated that in November calculations will be completed in the republic on the population's living wage for all economic regions and approved by the RSFSR Supreme Soviet. Moreover, it was said that preparatory work for the introduction of income indexing, depending upon growth in prices, would be introduced in December. The FNPR welcomed this announcement with satisfaction. But the mentioned periods have passed and everything is just as it was in the past.

"The statements by the union organs of government were even more vague. I cannot understand why the 4th USSR Congress of People's Deputies did not support our proposal regarding the adoption in January 1991 of four laws aimed at ensuring legal and social protection for workers and the population under market conditions. In all, 354 deputies voted in favor of the proposal and 1,093 opposed it! It would seem that today a war of laws and recently a congress of deputies war is of more importance to many than the country's impending economic crisis. Such a war would encourage legal nihilism and irresponsibility at all levels. The people were bewildered as they waited for changes to take place: how long would the crisis last, where was the promised movement towards the market and where are the beginnings of the positive phenomena which must become the foundation for a healthy economy?

"The status of consumer requirements aroused special alarm. During November 1990 alone, the cost of living in the RSFSR increased by 3.1 percent (according to 239 types of goods included among the consumer requirements). In a number of cities, only one half and at times only a third of the goods on this list were available.

"Today everyone is aware that unemployment will be inevitable, with the number of unemployed expected to number several tens of millions of workers. But nothing has been

done to protect the people from this impending misfortune. There is no law governing employment, labor exchanges are not being created and no normative or legal acts are being prepared. This same passive attitude is being displayed with regard to the growth in prices.

"In connection with all of these problems, the FNPR presented the Russian and union organs of government with a package of specific recommendations on how to solve them. But up until the present they have obviously believed that the trade unions are not performing 'their own work.' We have always been accustomed to distributing the passes to sanatoriums and young pioneer camps and we have divided up the garden tracts and products. But no. Our principal function is to protect the vital interests of the people. They expect this from us and we firmly concern ourselves with the affairs of our trade unions.

"The plenum of the FNPR Council decided to declare 1991 to be a year dedicated to the adoption of legislative acts, without which the conversion over to the market would be impossible.

"During the first half of January, the Russian trade unions planned to hold meetings and conferences. If the organs of government do not care to listen to the FNPR Council, then let them listen to the voice of the people. In behalf of the millions of members of the Russian trade unions, we demand that legislative acts aimed at protecting the interests of people during the period for converting over to the market be adopted no later than February and that they be placed in operation in March.

"If the USSR and RSFSR organs of government drag out the adoption of the laws on employment, income indexing and other actions, all of which are so necessary today, then we will resort to the use of collective actions in order to protect our interests throughout Russia as a whole.

"Workers cannot be satisfied with a situation in which the government favors one view with regard to priorities in the adoption of laws and the trade unions have another. The recommendations of the trade unions in this regard are the expression of the opinion of millions and they cannot be ignored. Many labor collectives, having observed the 'lack of understanding' by legislative organs of the worker requirements, are today inclining more and more towards participating in demonstrations and the strike movement. If the voice of the trade unions is not heard, all of this could assume the character of a calamity. And, as is known, this could be destructive."

#### **Moldovan Union Leader on Workers' Legal Guarantees**

*914F0107A Moscow TRUD in Russian 9 Jan 91 p 2*

[Interview with G.I. Yeremey, chairman of the Council of the Federation of Independent Trade Unions of

Moldova, by TRUD correspondent P. Rashkov: "Agreement—an Instrument of Protection"]

[Text] Kishinev—The Council of the Federation of Independent Trade Unions of Moldova submitted to the republic government a draft general agreement, whose main goal is to consolidate the healthy forces of society in order to ensure economic and legal guarantees for the working people during the transition to market relations. TRUD correspondent P. Rashkov met with G.I. Yeremey, chairman of the Council of the Federation.

[Rashkov] Grigoriy Isidorovich, what necessitated this agreement between the Federation of Independent Trade Unions and the Government of Moldova?

[Yeremey] We must admit frankly that until now trade unions have not necessarily duly performed their protective functions in all cases. They could not do it properly to begin with because they were implementing someone else's decisions. We have now proclaimed that we are independent. This means that we now claim the role of an active participant in a complex sociopolitical arrangement. This imposes many duties on us and requires that we use methods which are new in principle to protect the legitimate rights of the working people and their socioeconomic interests. The general agreement should provide a legal basis for such protection.

[Rashkov] What is the essence of this document?

[Yeremey] The main significance of the agreement is that for the first time our relations with the government will be built on a partnership of equals and mutual responsibility codified in a contract. The latter should be a guarantee of firmly meeting mutual obligations. I will stress right away that at issue are the main principles which the parties are going to lean on in the course of their activities. I will name the most important ones. First of all, this is gearing the economy to the needs of the people by increasing the share of national income allocated for consumption, priority development of industries manufacturing consumer goods and services, and an approach to remuneration for labor which is new in principle. It will be based on the real value of labor.

The agreement consists of three chapters: Obligations of the Government of the Republic, Obligations of the Council of the Federation of Independent Trade Unions, and Joint Measures of the Trade Unions and the Government.

[Rashkov] As the document suggests, working out an arrangement for combating a decline in the people's living standard is one of the key issues of the agreement.

[Yeremey] Indeed, this issue is particularly acute in light of making the transition to a market economy. We suggest that the government set a subsistence minimum of no less than 130 rubles [R] per month and increase minimum wages, retirement benefits, and scholarships to this level. Taking into account the apparently unavoidable inflation, we propose to publish in the

press, on a regular basis, data on real wages, the cost of living index for various social and age groups of the populace, and the index of the growth of prices for consumer goods and services. The size of income compensation for the populace should be determined on the basis of these data.

[Rashkov] Will it not happen that the trade unions will only demand, without taking the government's real opportunities into account?

[Yeremey] I cannot agree to raising the issue in this manner. We not only submit proposals but also offer our variant of implementing them. Let us look at compensation for people on fixed incomes. This is a new endeavor for our country. There are no recommendations by scientists, no techniques, and no experience. This is why we developed our own variant for paying compensation. Our specialists analyzed the cost of living of the working people of our republic. We calculated how it can change depending on the growth of prices and offered our program of indexation to the government based on this.

[Rashkov] What was proposed specifically?

[Yeremey] In the case of a one-time increase in state retail prices for goods and service tariffs, it is necessary to compensate all losses suffered by the working people at once. As far as the price indexing arrangements are concerned, they should be determined by Moldovan statistical organs, but with the mandatory participation of the trade unions. In the process, we insist that the growth in the cost of living index established for the "consumer basket" be fully compensated. It is necessary for a second level of compensation (80 percent) to apply to fixed incomes under the average wage in the republic on the whole. Finally, a third level (50 percent) should embrace the category of population whose incomes range from the average monthly wage in the republic to 10 times the minimum wage. There should be no compensation for higher incomes.

[Rashkov] Undoubtedly, all of this is aimed at the social protection of the people, but will these proposals be adopted by the government? After all, carrying them out will call for considerable outlays. Meanwhile, the republic budget already has a deficit...

[Yeremey] We assume that not all of our proposals will be accepted at once. We understand that a serious struggle for their implementation lies ahead. We will have to persuade, argue, and seek compromise solutions.

[Rashkov] Let us assume the following scenario: The agreement has been signed, but is not being complied with. What will the Federation of Independent Trade Unions undertake?

[Yeremey] The general agreement addresses this question too. In the agreement, we warn the government that, furthering the interests of the working people, we will make every effort to solve problems which develop by



means of negotiations. If they do not produce favorable results, we will act in compliance with the Law "On Trade Unions and Rights and Guarantees for Their Activities."

[Rashkov] The general agreement includes obligations not only of the government but also of the trade unions. What does the Federation of the Independent Trade Unions of Moldova undertake to do?

[Yeremey] As I have already said, a special chapter of the agreement is devoted to these issues. This is primarily effective control over upholding the principles of social fairness in remuneration for labor, social protection guarantees, and the constitutional right to work. Look what frequently happens: Workers are treated unfairly, but they put up with it and do not complain. They are afraid that they will only make their situation worse this way and endanger their relations with the employer.

Our actions will not be restricted to protective functions alone. Having a considerable budget, we plan to use a segment of it to improve the working people's standard of living. There are possibilities for this.

[Rashkov] Therefore, will the general agreement become a reliable instrument of social protection of the working people?

[Yeremey] We very much count on this.

### **Poor Working Conditions in Vorkuta Coal Mines Discussed**

914F0105A Moscow SOVETSKAYA ROSSIYA  
in Russian 8 Jan 91 First Edition p 2

[Article by SOVETSKAYA ROSSIYA correspondent Yu. Belyayev: "Being Held Hostage by Himself. Why the Miners of Vorkuta Continue To Die"]

[Text] Syktyvar—As witnesses say, the explosion was not a loud one: A slight clap and flames shooting from the crest of the shockwave. Its consequences were considerably worse. A longwall face had to be sealed off for half a year in order to extinguish an underground fire. Financial losses of about 700,000 rubles [R] resulted.

However, casualties were the most terrible. Several miners from the Vorkutinskaya Mine are still receiving treatment for burns, fractures, and poisonings sustained last May. They even comfort themselves: they were lucky. Fate did not favor others. Aleksandr Ivanovskiy died in a burn center in Moscow. Mikhail Deykin and Sergey Pedorenko drowned: having inhaled poisonous flames, they were tossed by the shockwave into a working which was full of water—knee-deep, no more. This was a tragic absurdity!

There is no denying that the miners of Vorkuta mine coal under extreme conditions. Out of 13 mines, 10 exceed standards for gas content; that is, it appears that methane is ready to blow if you inadvertently bump into a rock

overhang and produce a spark. Seven mines are dangerous from the point of view of outbursts and rock bumps which resemble a powerful avalanche which crumples metal like paper in the narrow space of a stope. Therefore, the miners of Vorkuta, alas, fit within the tragic mining statistics of one human life per one million tons of coal.

Indeed, the elements are blind and soulless; however, this is precisely what determines its unbridled cruelty. In light of this, what kind of man does it take to send the following ultimatum to Moscow:

"On 7 November 1990, building No. 51 on Katayev Street will be commissioned in the settlement of Vorgashor. If you do not allocate to me an apartment on the fifth floor of this house, I may take three tons of ammonale from the warehouse and blow up the Vorgashorskaya Mine. Many greetings."

Your first thought is: This comrade has "gone off the deep end"; at any rate, he is eccentric, even if innocuous. For example, he may hang up a sign on the door of his room in the dormitory: "Do not enter without a warrant from the procurator," or move his gear to the hallway and leave it there unattended for a month, or keep carrying first one shoe, and then the other from one building to another, or demand that his own ministry pay compensation for dismissal in the amount of first R5,000, and then R10,000, and then R100,000 or \$50,000.

Yet, Suliko Grigoryevich Toropov should not be considered a technically illiterate person, and his apparently unrealizable "project" should not be mocked. Being a mining engineer for building underground structures and mines, he knows full well both their vulnerable spots and the fact that he should not rustle up such amounts of explosives and go underground with them. Everything may happen in a simpler and more terrifying manner.

More precisely, it could have happened already by the grace of the same Suliko Grigoryevich, at the Tsentralnaya Mine where he worked until recently as a foreman, albeit without ultimatums. I read his employment record booklet. There is not a single commendation. However, as far as penalties up to dismissals are concerned... For violating occupational safety rules, for false information on the presence of gas at a longwall face (its concentration exceeded the data supplied by the foreman by a factor of two or three), for absenteeism, for drinking. His comrades, underground miners, stated their lack of confidence in him first, and subsequently the management turned down his services too.

This meant that he could kiss goodbye to slot No. 401 on a waiting list for housing. At the city executive committee, they explained to me in plain language what this means. The Tsentralnaya Mine, for example, receives at best two to three new apartments a year. There are people in the city who have been first on the list since... 1968. Therefore, the housing issue will not be resolved even by ultra-ultimatums. It is hard to predict what



Toropov who, according to his character profile, has been oversensitive to reprimands, will do under the circumstances. At any rate, they gave him an official warning to the effect that the actions he has allegedly resolved to commit are impermissible.

So there was no act of sabotage, but people continue to perish in the mines. What is the reason then, if, as V. Kabanov, deputy technical director for Occupational Safety and Industrial Hygiene, asserts, the malevolent elements account for only between 10 and 15 percent of the loss of life? Did he not compare the mine to a minefield himself earlier?

Please, tell me this: Will a military engineer with any self-respect roam the minefield with the recklessness of a drunken reveler, in the careless mistaken belief that nothing can happen to him? Meanwhile, in the mines things of this nature do happen by and large. Here are just several lines from the conclusion of a panel of experts who studied the cause of the explosion at the Vorkutinskaya Mines: blasting was done without authorization by a foreman; persons not trained or cleared for access to explosives were used to handle them; electricity was not turned off in the danger zone; inert foam was not used, and water screens were not in operation. The main point is that people were not removed from the danger zone. In April and May, blasting was done in the section in question 40 times, but only on four occasions in the presence of senior oversight staff.

You would agree that it is difficult to put all of this down to the elements only, as well as many other fatalities. Unwarranted reckless driving ended in tragedy for three electric engine operators. Riding conveyer belts and freight cars ended in the deaths of several workers. This is on top of job-related injuries. Incidentally, I shrink when I recall my trip on a conveyer belt when my fingers got caught in the rollers. Had I grabbed the edges of the belt tighter I would have had nothing with which to write this article. Meanwhile, I was escorted around the Vorkutinskaya Mine by a specialist of the occupational safety service who advised me to jump...

In a word, professional caution, as they say, has been blunted. One gets used to everything, even to looking death in the eye constantly. However, the trouble is that they yanked the clapper out of the bell which reminded them of this, and threw away the bell. This is why Kabanov says bitterly that many collectives have become virtually unmanageable as far as the issues of discipline and occupational safety are concerned.

The bell was silenced, and funeral marches sounded still louder instead. This is one more bitter result of the memorable miners' strikes.

As is known, the USSR Council of Ministers Resolution No. 608 abolished a disciplinary statute for miners involved in work under particularly dangerous underground conditions which the miners themselves referred to as "draconian." There was a point in it to the effect that a complaint by an employee regarding illegally or

improperly imposed administrative penalties or the abuse of the rights given by the statute to a supervisor was to be reviewed by a superior supervisor. The organization was placed above the law. Many miners whom bosses found undesirable may tell you what this meant in their case. In short, the statute was eliminated; along with it, disciplinary commissions ceased to exist, and occupational safety instructions were canceled. Elections to management posts, whose members were found undesirable, this time by the workers, silenced those who were demanding, principled, and thoughtful.

A chain reaction of irresponsibility, negligence, and slovenliness did not take long to occur. Previously, a combined total of 13 penalties could be meted out to a violator of labor discipline and public order whereas at present they have been reduced to 3.5 measures. The scale of winking at violators of all stripes and ranks increased proportionately; even drunkards and absentees came to feel free. In times long gone, there was a job in the mines called "tobacco shakers": They poked in the pockets of miners going down to the stopes and turned them out, looking for tobacco and matches. At present, miners reeking of alcohol are frequently brought out from the stopes...

I am not going to quote from an eight-page memorandum on the status of labor discipline at the mines and enterprises of the Vorkutaugol Association. However, its conclusion is unambiguous: The situation requires that emergency measures be taken. It is no accident that by now the miners themselves insist that a law on labor protection in coal mines, which has already been drafted, be adopted as soon as possible.

This has got to do with more than just those whose personal slovenliness poses a danger to the lives of dozens and hundreds of miners and adds to the number of orphans and invalids. It is also about those who willingly or unwillingly turn mines into minefields. Where is explosion-proof equipment for the mechanization of auxiliary processes, the absence of which contributes to the statistics of job-related injuries? Why do drifters and production miners operate equipment whose noise and vibration specifications are at the edge of tolerances? Where are techniques for gas extraction from lower strata, which inject methane into the zone of operations? What is the value of current techniques for controlling coal dust in the air in mines, the concentration of which exceeds sanitation norms by factors of hundreds, and which amounts to a most dangerous explosive mixture? The miners of Vorkuta are still mindful of a tragedy at the Yur-Shor Mine which had the most horrible consequences; after this tragedy, more than 370 violations of dust and gas precaution procedures were uncovered at the enterprise.

If only this were all there is to it! Here is the latest conclusion based on the results of an inspection of the mines of the local coal basin by the employees of the Pechorskiy Gospromatomnadzor District.

**"The status of safety at coal industry continues to deteriorate. Measures aimed at improving protection are planned on the basis of the residual principle; the number of auxiliary sections and services associated with performing preventive work to avert accidents and injuries is being reduced."**

The life of miners based on the residual principle—this is what this is. Practice confirms this regularity with cruel consistence.

On 4 January 1990, a fatal accident occurred at the Zapol'yarnaya Mine in Vorkuta. An egregious violation of safety rules was the reason. The tragic relay of the miners' fate was passed virtually from one day to the next.

According to preliminary conclusions, on 3 January 1991 a powerful methane outburst, which caused a fall of rock and coal mass, occurred at another mine, the Severnaya, when a roadway was being driven. Four miners died, and the fifth one is in intensive care. A government commission is at work at the mine, and criminal charges have been filed in conjunction with the accident. Of course, elements cannot be held accountable. What about those responsible? They do exist, after all!

### **Metallurgical Industry Strike Prospects**

914F0118A Moscow TRUD in Russian 19 Jan 91 p 2

[Article by TRUD correspondent I. Ostrovskiy: "Iron-Clad Arguments of the Steelworkers. A Ghost of Strikes in a Key Industry"]

[Text] "The metallurgists of the Ukraine will view silence in response to this declaration as a violation of the USSR Law 'On Trade Unions, Their Rights, and Guarantees for Their Activities,' and they will act accordingly."

This is the final sentence from a document which the Presidium of the Central Committee of the Trade Union of Metallurgical and Mining Industry Workers of the Ukraine sent to the USSR president and the chairmen of the Supreme Soviets of the country and the republic. Are we really on the brink of a social explosion in an industry on which the stable work of tens of thousands of labor collectives depends? Are we really encountering once again an attempt to solve all problems, no matter how complex, by means of ultimatums? I put these questions to participants in the meeting of the Central Committee of the industry trade union at which this document was adopted after many hours of debate. A sad picture emerged.

TRUD and other newspapers have been reporting with increasing frequency that metal shortages hinder operations at many enterprises. This is understandable: By the end of last year, the industry had failed to produce hundreds of thousands of tons of products without which

cars, combine harvesters, or consumer goods cannot be made. But are the metallurgists the only ones to blame?

V. Sichkar, deputy general director of the GPO [State Production Association] Yuzhmetallurgprom, said: "Labor collectives set forth in plans for this year an increase of one million tons in the manufacture of finished rolled goods. Their aspiration is understandable: Output will increase, and so will wages. However, nobody can give the metallurgists a guarantee that conditions will be created for carrying out their intentions. Difficulties began in the very first days of this year. Our past experience indicates that if deliveries of scrap metal and coking coal drop the people will not be able to do anything, and a decline in production will become unavoidable."

However, it is not even supply difficulties that are the greatest worry, but rather the situation which has emerged under the latest decrees aimed at stabilizing the economy of our country.

For example, let us look at what the need to transfer 20 percent of amortization allowances to a stabilization fund will entail. This withholding of funds is altogether perilous for the ferrous metallurgy of the Ukraine whose facilities were built mainly in the initial post-war years.

V. Gornik, chairman of the trade union committee of the Krivoy Rog Coke Chemistry Plant, said: "In our sub-industry, one-third of the products are manufactured by facilities which have depreciated 100 percent. If 20 percent of amortization is withheld the collectives will be deprived of the opportunity to refurbish three or four coke ovens a year. If this situation persists for two or three years we may altogether write off the coke chemistry of the Ukraine; there will be simply nothing left of it."

A five-percent sales tax is even more pernicious for the metallurgists. The industry uses tremendous amounts of material resources. Outlays for purchasing them account for up to 85 percent of self-cost. If financial organs automatically withhold five kopeks from every ruble spent on raw and other materials and fuel this operation will entail catastrophic consequences. The sales tax will cost the metallurgists of the Ukraine almost one billion rubles [R]; this amounts to one-half of their profits. The tremendous withholding of funds will turn the entire ore-mining industry into a losing operation. Dozens of plants will become unprofitable. The long and thorough endeavor of setting new wholesale prices will be wasted. Quite recently, it appeared that the impossible had been achieved, and individual peculiarities of not only every enterprise but even every machine had been taken into account. Now they may only dream about normal work in a market environment. Quite understandably, the level of socio-economic protection of the workers will also decline.

A. Pozhidayev, deputy chairman of the Central Committee of the industry trade union, explained: "The average wage in the industry is just above R300. If our

most optimistic expectations come true and the metallurgists indeed increase the output of rolled metal by one million tons, remuneration for labor will increase by another R5 a month by the end of the year. If supply disruptions make it impossible to increase production the only prospect will be that of declining wages, with all the attendant consequences."

The consequences are as follows. According to data from specialists, the cost of a consumer basket in the industrial oblasts of the Ukraine increased by 20 percent last year. This did not compare with the growth in wages. This means that at present a steelworker, a rolling mill operator, or a machine drill operator lives considerably worse than a year ago. What is going to happen next, given an eight to 10 percent inflation rate (even according to official data)?

Furthermore, the number of employees in the labor collectives of the industry has not increased in years. Scientific-technical progress has remained a nice dream. The volume of production has increased solely by virtue of intensifying human labor. Until recently, the people somehow put up with this super-exploitation and believed that R300 salaries were worthy compensation. However, dissatisfaction with salary levels which are unable to sustain an existence worthy of a human being has now become massive. Therefore, we should not be surprised to see attempts by labor collectives to solve their problems by means of products in short supply in ways detrimental to the interests of our country's economy become common in the future as well, despite thunderous decrees and instructions.

This is a short overview of the situation which exists now. The harshness and, we may safely say, confrontational nature of the declaration addressed to the USSR president and the heads of the Supreme Soviets of the country and the republic are due precisely to this situation.

N. Minchenko, chairman of the Central Committee of the industry trade union, said: "We demand that the president, the Supreme Soviets, and the governments immediately adopt legislation aimed at the social protection of the working people under market conditions. We demand that economic stabilization measures be carefully considered in order not to turn them into a threat to the very existence of our industry. As we see it, we cannot allow an increase in the withholding of super-extortionate taxes from profits and price increases—in a word, any attempt which will ultimately result in a decline in the well-being of the working people."

I interrupted my interlocutor: "Suppose you do not get a reply to your declaration, or it is unsatisfactory. What then?"

"We will take advantage of the rights and opportunities which new legal acts give us. We have an example. We know from a short note in TRUD that the textile workers of Russia solved many serious problems of their industry without resorting to strikes or confrontation, through unity and a principled approach of the labor collectives,

trade union committees, and economic managers. Our industry is among those in which strikes are forbidden. However, we also have other measures at our disposal, for example, stopping the shipment of finished products. However, I repeat once again: The collectives of metallurgists and miners are disciplined and law-abiding. Our technologies do not make it possible to discontinue production just like that. We do not want a confrontation and financial losses for our country. However, as you can see, the situation in metallurgy is such that I am afraid we do not have another way out."

### **Regulations on Social Security Payments Into USSR Pension Fund**

914F0104A Moscow TRUD in Russian 5 Jan 91 pp 1-2

["In the USSR Council of Ministers—On Payments to the USSR Pension Fund"]

[Text] The USSR Council of Ministers has approved the conditions and procedure for payment by citizens of compulsory social security dues to the USSR Pension Fund.

In accordance with the USSR law: "On Providing for Pensions of Citizens in the USSR" and the USSR Supreme Soviet decree: "On a Procedure for Instituting the USSR Law 'On Providing for Pensions of Citizens in the USSR'" compulsory social security dues to the USSR Pension Fund are established in the amount of one percent of one's salary.

Compulsory social security dues should be paid by all categories of citizens covered by state social security in accordance with existing legislation.

Social security dues to the USSR Pension Fund are paid by workers and office employees from their wages, by members of cooperatives from income received at the cooperative, by members of kolkhozes from pay in all its forms in the common management of the kolkhoz, by citizens working in religious organizations, including priests, from income received in these organizations, and by other persons covered by state social security from income received.

Citizens' compulsory social security dues will be computed and deducted by the enterprises, institutions, and organizations at the place of payment of wages (income).

The wage (income) for computation of citizens' compulsory social security dues is determined in the same fashion as the wage (income) for which dues to state social security are computed by enterprises, institutions, and organizations.

When citizens work at a second job that is not in the same place as the primary employment, the administration of the enterprise, institution, and organizations must communicate with citizens' primary place of employment concerning the sums of compulsory social



security dues paid as a result of working the second job. Payment of compulsory social security dues will be established in a special page of the work record.

Citizens' compulsory social security dues to the USSR Pension Fund should be transferred by the enterprises, institutions, and organizations according to procedure and deadlines established for payment of dues to state social security.

Supervision over the correct and timely transfer of compulsory social security dues to the USSR Pension Fund is entrusted to the organs of the USSR Pension Fund jointly with state tax inspectorates. The enterprises, institutions, and organizations are obliged to present to these organs and inspectorates in a timely manner the information needed for supervising the transfer of the citizens' compulsory social security dues.

Officials of enterprises, institutions, and organizations bear responsibility according to established procedure for incomplete and late deduction and transfer of compulsory social security dues to the USSR Pension Fund.

Conditions and procedures are also approved for state social security of self-employed people, including people working under conditions of individual (group) leaseholding or on an individual peasant farm.

State social security of these people will occur on a voluntary basis.

In accordance with the USSR law: "On Providing for Pensions of Citizens in the USSR," those who are self-employed have the right to a labor pension on condition of payment of social security dues into the USSR Pension Fund. They receive the right to other forms of security similar to state social security that are established for workers, office employees, and members of cooperatives on condition of payment of insurance dues to the USSR Social Security Fund.

Those who are self-employed have the right to state social security simultaneously in the USSR Pension Fund and the USSR Social Security Fund or in one of these funds. Payment of the labor pensions and other forms of security of these people will be carried out using the money of the USSR Pension Fund and the USSR Social Security Fund.

Social security dues to the USSR Pension Fund (USSR Social Security Fund) are paid by those who are self-employed from their income according to rates stipulated for the payment of social security dues to these funds from the wages of workers, office employees, and members of cooperatives, including compulsory social security dues of citizens. The amount of income is determined according to the procedure established by Article 19 of the USSR law: "On an Income Tax on USSR Citizens, Foreign Citizens, and People Without Citizenship." If a citizen is self-employed on the basis of a license, he pays social security dues from that amount of the income from which payment for the license is determined.

People who are self-employed and have expressed the desire to receive pension security and other forms of security should address the organs of the USSR Pension Fund and the USSR Social Security Fund where they live and fill out a commitment.

The appropriate organ of the USSR Pension Fund or the USSR Social Security Fund will assign each person covered by social security a registration number and present him with a notice concerning the amount of the social security tariff and the deadlines for paying social security dues.

Social security dues to the USSR Pension Fund (USSR Social Security Fund) are paid according to the following procedure: Each quarter the person covered by social security pays 25 percent of the annual total of social security dues calculated according to income for the preceding year; for those who are paying social security dues for the first time—25 percent of the total calculated according to presumed income for the current year. At the end of the year or when self-employment is ended, the annual sum of payments to the USSR Pension Fund (USSR Social Security Fund) is calculated according to actually received income, and the difference between this sum and the sums paid in the course of the year is subject to recovery from the covered person or refund in the course of the year, is subject to recovery from the covered person or refund to him no later than 15 March [sentence as published], and in the case of the end of self-employment—within a 15-day deadline. In the event of a significant increase or decrease in income in the course of the year, a recalculation of social security dues may be conducted at the wish of the covered person.

Citizens running a peasant farm will pay social security dues to the Pension Fund (USSR Social Security Fund) once per year after determining the final total of the year's income for each member of the peasant farm, but no later than 15 March of the year following the year for which payment of social security dues is taking place.

Social security dues to the USSR Pension Fund (USSR Social Security Fund) are paid (transferred) to the appropriate account of the USSR Pension Fund (USSR Social Security Fund). Social security of people who are self-employed is halted as a result of a statement from them beginning the first of the month following the month the statement was handed in. In the case of people who have halted social security or have changed their residence, the organs of the USSR Pension Fund (USSR Social Security Fund) are obliged to give out an account concerning payment of social security dues which serves as a confirmation of their work record and gives them the right to a pension or to other forms of security. In regard to this, social security dues which have been paid are not subject to return.



Supervision over the timely and complete transfer of social security dues is entrusted to organs of the USSR Pension Fund (USSR Social Security Fund) jointly with state tax inspectorates.

This statute pertains also to creative workers who are not covered by state social security. In this case the income from which social security dues are levied are determined on the basis of a declaration concerning annual income.

### Role of Land Reform, Private Farms Viewed

914B0058A Moscow PRAVDA in Russian  
16 Jan 91 Second Edition p 3

[Interview with government official N.V. Krasnoshchekov by K. Lysenko: "Tenant Farming, Not Farm Laboring"]

[Text] Who will show their economic advantages—the tenant farmers or the kolkhozes? Can they now be compared? Such questions are particularly pertinent before the public referendum on forms of ownership of the land. N.V. Krasnoshchekov, member of the All-Union Academy of Agricultural Sciences imeni Lenin and deputy chairman of the USSR Council of Ministers State Commission on Food and Purchases, is meditating on this also. While a leader of the country's agro-industrial complex, Nikolay Vasilyevich nonetheless made clear before the start of the interview that he would be expressing exclusively his personal viewpoint.

[Lysenko] So who will feed us, the kolkhozes or the farmers?

[Krasnoshchekov] The very formulation of the question is, in my opinion, unscientific. However many polemical pens are broken, the reality is this: In the foreseeable future the kolkhozes and sovkhoses will occupy the leading place in the agrarian sector. And those who are demanding that they be broken up are displaying a misunderstanding of the entire depth of our agrarian crisis. But championing the monopoly of collective production also would mean depriving the countryside of the possibility of revival. I personally believe more in the independent, involved commodity producer. The family form of management on the land has shown its viability worldwide.

The studies I have conducted in the past decade bears this out. Given the present mentality of the peasant and the degree of provision of the agrarian sector with equipment, the highest productivity is secured by three- to five-man outfits. It is not surprising that they are formed more often than not from members of a single family.

Tenant farms are even now producing 42,000-50,000 rubles [R] per workman. And those such as the Kozhukhov brothers from the "Bolshevik" Kolkhoz or

the D. Gyunter team from Novosibirsk Oblast's "Kochkovskoye" Experimental and Show Farm and many others are securing the production of R100,000-130,000 per man.

[Lysenko] It is said that a reorientation of agriculture toward family farms would be very costly.

[Krasnoshchekov] It would be, of course. But the buildup of the sovkhoses to the level of the best would be even costlier. Judge for yourselves. A hectare of sovkhos-kolkhoz plowland currently accounts in the country on average for approximately R1,600 of all types of funds. The best farms, such as Tula Oblast's Lenin Kolkhoz, which is led by V. Starodubtsev, or Novosibirsk Oblast's "Bolshevik" Kolkhoz, which is headed by Ch. Bugakov, account for more than R4,000 of funds per hectare. The tenant farms, however, require R2,200-3,500 per hectare, depending on specialization. That is, less by a factor of 1.5-two.

[Lysenko] The days of the kolkhozes and sovkhoses are numbered, consequently?

[Krasnoshchekov] Not at all! I repeat: calculations show that in the next decade at least the large-scale farms will remain the main producers of agricultural products. Such is the reality. This is obvious if only because no family would undertake to work, for example, on the giant livestock sections that have been built in large numbers throughout the country and whose term will be up in 15-20 years. And the main thing is that we are not recruiting that many families who are prepared to be tenant farmers.

There is in Siberia the expression: well-put-together individual. This means strong, progressive, intellectual. So the well-put-together machine operator is for tenant farming. But there are not many of them.

Incidentally, an interesting observation: the majority of those wishing to "tenant farm" work on strong farms. Studies show that it is on these that tenant farming produces the greatest results. So it is idle of some speakers to maintain that peasant farms are possible merely on the basis of backward sovkhoses. Quite the contrary. But, in any event, it is as yet a question merely of five percent of machine operators approximately.

[Lysenko] Unless I am mistaken, many of them have set to work. The USSR State Committee for Statistics recently reported that 29,000 peasant farms had already been created in the country.

[Krasnoshchekov] Let no one be confused by this figure. What does it signify? The sizes of such farms fluctuate between 0.5 and 200 hectares, but on average constitute 5-10 hectares. By today's concepts this is a low-commodity, multi-type and, consequently, inefficient farm. Such would not be feeding us any time soon. Yet the kolkhoz and sovkhos are now frequently being portrayed as a sum total of individual allotments, and it is proposed giving each workman his share. This share

constitutes 0.5-2 hectares and never more than 15-20 hectares—on virgin land. Here we have the foundation merely for a feeble peasantry. When we speak of private farming, we mean something entirely different. A Canadian farmer acquaintance of mine has 1,300 hectares of plowland. He cultivates grain in a four-field crop rotation. He sows, harvests, ships, and does everything by himself, in the main. He uses the most modern productive equipment. It is to such farming that we should aspire.

We should for this not permit the haphazard creation of peasant farms but draw up an official program of support for tenant farming. I am persuaded from material at my disposal that 50,000 tenant farms could, for example, be created for a start in grain farming. Without a reduction in the production of grain in the collective sector, they could produce 33-35 million tons of grain a year. We purchase approximately this amount annually overseas for foreign currency. In addition, it is profitable on such farms to maintain small hog units, at which an additional 500,000 tons of meat could be obtained. A plan for this would cost approximately R5-5.5 billion and could be realized in two years.

There are the same estimates in respect of dairy, meat, and potato production. On the whole, the program for extending credit to tenant farming would cost approximately R30-35 billion. This expenditure, including outlays on material resources, is within the means of the state. With its realization 150,000-180,000 peasant farms, which could annually provide R20-25 billion of products and feed approximately 25 million of our fellow citizens, would be standing on their own two feet.

I repeat: all this is practicable. Of course, it is important not to jettison the best the kolkhozes and sovkhos have to offer. The unification of production with services, say. The independent farmer is not a viable proposition without developed services. The planning of 100 tenant farms with all the necessary infrastructure has now been completed in Yaroslavl Oblast's Pereslavl-Zalesskiy and Moscow Oblast's Zagorskiy Rayons. The future is with such systems of production organization.

Farmer competition would get the kolkhozes and sovkhos moving. Currently nothing threatens them. The state covers all losses, forgives debts, and establishes benignant prices. The coming market will not provide such indulgences. And if the family farms show their greater efficiency, even the fervent opponents of tenant farming will be economically compelled to convert their farms into more flexible, competitive structures.

The administrative-command system will not give up without a fight. Voluntarist collectivization not only destroyed the economic structure of the countryside. It shaped a mentality of the poor whose main task is to prevent a better life for one's neighbor. This explains why the ideologists of wage-leveling and consumerism have very many sincere supporters. So difficult trials await our tenant farmers. A sluggish community will not

accept anything that goes beyond the framework of the generally accepted averaged quota. But society should protect its breadwinners.

[Lysenko] But it is not as yet in any hurry to help them stand on their own two feet. Where, for example, will the farmer obtain equipment even?

[Krasnoshchekov] You cannot get far with spades and forks. Productive equipment, not mini-tractors, as is sometimes the attempt to portray matters, is needed. We are negotiating with Western firms on equipment and machinery purchases. Their mass duplication is planned. There are already Soviet developments of a set of machinery for highly marketable farming also. It includes 300 types of various equipment. That is, all that the peasant needs. The new set of machinery presupposes the manufacture of all-purpose-modular equipment. This will make it possible to reduce the costs of stocks considerably. Various operations can be accomplished on one and the same units. It is a question of who will manufacture this equipment. Enterprises of the Ministry of Automotive and Agricultural Machine Building are as yet endeavoring to make less, but obtain more.

[Lysenko] But let us nonetheless hope that market relations will force industry to turn to address the countryside and solve its material and technical problems. What about ideological and social problems? We are talking about private ownership of the land. More precisely, the right to buy and sell it. Some people say that this is not an obligatory condition of tenant farming. Others object: Enterprise, farming included, is impossible without a free market of labor and the means of production. And inasmuch as land is the main means of production, private ownership of it and tenant farming are indivisible. The problem should not be oversimplified. Private ownership of the land would very soon confront society with serious social questions: What will happen to the released manpower? What will the wage labor situation be? What do you think about this?

[Krasnoshchekov] A difficult question requiring profound study. As you know, it has been deemed necessary to decide it by public referendum. My opinion, however, is as follows. Secondary social phenomena should not obscure what is most important—the progressive nature of private farming and market relations. The system which has been shaped, while undoubtedly affording strong guarantees in the sense of employment, has placed the whole of society in servile dependence on the line at the provisions store. With the development of private farming the problem of released manpower would arise, of course. How would it be solved? Processing and crafts are wholly undeveloped in the countryside at this time. Service is practically absent. For example, 4-5 times more people are employed in farm services in the United States than directly in agricultural production, but with us it is the other way about. The development of all these sectors could ease the problem of "spare hands." The sale of land and wage labor? These processes should be

controlled by the state, as is the case in civilized countries. It is important to recognize here that if they are prohibited altogether, private farming will not develop. If we want to say farewell to shortages and lines, we need to part primarily with dogmatic teachings.

Of course, it is far simpler to change nothing at all and merely demand additional investments. But we have already done all this. We now need a program of really fundamental transformations in agriculture based not on a year or two but on decades. There is no other solution.

#### **Early Retirement for Select Jobs Approved**

914F0111A Moscow PRAVDA in Russian  
5 Jan 91 Second Edition p 2

[Article: "Pension Rights in the USSR Council of Ministers"]

[Text] A list of jobs and professions for which pensions are authorized after not less than 25 years of service, regardless of age, has been approved.

In conformity with the USSR law entitled "Pension Privileges for USSR Citizens," the USSR Council of Ministers has included on this list underground mining operations at working and preparatory (mining-capital) faces of active shafts (mines) engaged in the extraction of coal (slate), ores and other minerals, which contain (including in the containing rock) 10 percent or more of silica ore, in the presence of gas-dynamic phenomena and mining shocks. The list includes drill operators for the drilling of holes, mining

riggers, underground hydraulic monitors, timbermen (engaged in strengthening working faces for the extraction of minerals), operators of drilling equipment and their assistants, vibration-loading equipment, loading and delivery machines, tunnelling complexes, mixing units for hydraulic flushing, loading machines and scraper winches.

The list also includes respirator operators, commanders of sections and platoons and their deputies (assistants) and workers attached to mine rescue units who service shafts and mines considered dangerous from the standpoint of gas-dynamic phenomena and mining shocks.

The right to a pension following 25 years of service is authorized for truck drivers engaged in transporting mining materials, operators of bulldozers and drilling units and their assistants, excavator operators and their assistants engaged in open-cut mining operations for the extraction (stripping) of coal, ores and other minerals from pits and quarries up to 150 meters or more in depth, excluding surface operations (but including dump heaps).

The USSR State Committee for Labor and Social Problems has been tasked, guided by the decree of the USSR Supreme Soviet entitled "The System for Implementing the USSR Law on Pensions for USSR Citizens," with issuing an explanation on the order to be followed for calculating the special length of service for workers specified in Article 15 of the USSR law on "Pensions for USSR Citizens," who earlier occupied other professions and positions.

## CIVIL AVIATION

## Civil Aviation Flight Test Center Visited

914H0080A Moscow VOZDUSHNYY TRANSPORT  
in Russian 29 Dec 90 p 3

[Report by VOZDUSHNYY TRANSPORT correspondent B. Sidorenko following visit to the Flight Test Complex of the GosNII GA [State Civil Aviation Scientific Research Institute]: "Give a Job to a Test Pilot"]

[Text] The present LIK [Flight Test Complex] has been called various names over the institute's 60 years of existence. A flight test station, a detachment, a center, and a complex. But it has remained essentially the same. Its purpose is described in official language this way: the testing of equipment which is put into use in civil aviation.

We certainly do not need to be persuaded at length how important this is. And crucial. After all, the thing that is most precious—human life—depends on the reliability of Ilyushin, Tupolev, and Yakovlev aircraft. We remember the grief caused by the well-known Yak-42 disaster. And it held back the development of the sector as a whole for a long time. The discontinued deliveries of an aircraft needed so badly on the air routes (as of today 180 Yak-42's have not been delivered) have further increased the number of persons who cannot avail themselves of Aeroflot services. This figure has now reached 25 million persons annually.

So the test pilot is one of the important figures in aviation. And although a place was not found for today's LIK within the spacious modern institute at Sheremetyevo, but in a plain, two-story building on the outskirts, they treat the test pilots and their difficult service with proper respect here.

My attention was drawn to a stand with their photographs on a large partition between the first and second floors. Very different faces, but they have something in common as well: the confidence and firmness in their gaze which tells of their uncommon will. But weak-willed persons cannot be in such a profession. Just as there can be no amateurs. A test pilot's skill is many times greater than that of an ordinary pilot.

There are 80 test pilots in the LIK at present. I think I can say with a high degree of certainty that the ones who are the most experienced, capable, and courageous have been brought together in the complex. Our newspaper and other mass media have reported about many of them time and again.

And a paradoxical situation has taken shape at this time. The detachment of test pilots which is needed so much by aviation and all of society is threatened with danger.

Anticipating a conversation, V. Gerasimov, chief of the Scientific Test Center (the LIK is now part of it), showed me a copy of a letter from V. Goryachev, chief of the GosNII GA, to L. Ilchuk, the deputy minister of civil aviation. In

view of the considerable delay in presenting the new Il-96, Tu-204, and Il-114 aircraft for testing and in order to retain highly skilled personnel, the letter stated, I ask authorization to use the aircraft in the GosNII GA fleet which are now standing idle for commercial purposes, to the extent of leasing them.

But now I will quote the brief and agitated comment from Vladimir Terentyevich on this letter:

"We were established to conduct flight tests. Meanwhile, the arrival of the new aircraft is being delayed for two or three years. And this is the dilemma: how do we continue to exist? Do we cut back half of the test pilots now and recruit new ones later on after a period of time? After all, these are not ordinary pilots; they fly all kinds of aircraft. They are persons of the highest skill. And in order to retain them, to keep them fully occupied, we decided to make use of the aircraft available at the institute—the Tu-154, Il-76, An-12, and Il-62—as intensively as possible to transport cargo. But we encountered strong opposition—they would not allow it, and they did not provide the fuel."

It is my opinion after all the conversations that the LIK has won the first victory in the struggle for survival. The letter to the ministry met with a favorable response, and authorization was given to make use of the idle aircraft.

And an Il-76TD is now delivering cargoes for geologists on the island of Bolshevik and for Arctic workers on drifting stations SP-30 and SP-31. The Il-62 is being used for flights under an agreement with a number of foreign countries. The Il-18 has been in the North with a film crew making a joint Soviet-American film. Cooperation with the USSR Goskomgidromet [State Committee for Hydrometeorology] and the Arctic and Antarctic Institute is being expanded and geodesic and radar mapping of the area is being carried out. In a word, the test pilots have been fully occupied.

There are also problems in this, of course. A commission held up an Mi-26 helicopter for two whole months—it needed this much time to find the cause of a breakdown: a nut had fallen into a control unit. As a result, a contract with the FRG for 150,000 dollars fell through. The crew of a Ka-32 helicopter turned out to be in a similar situation. Flights of the aircraft have not been authorized for over two months, threatening a contract with Australia to transport cargo and passengers in the high mountains. There continue to be just as many critical problems with fuel. The airlift of earthmoving equipment to Severnaya Zemlya was begun late because of this, for example.

As soon as foreign currency is received, the problem of its distribution becomes more painful.

"There was a directive from the chief of the institute before: the foreign currency belongs to the one who earned it," V. Gerasimov told me resentfully. "But when we earned it, the management apparently forgot about this. And although the NITs [Scientific Test Center] is



formally a cost accounting subunit, our own institute is not returning it to us. But after all, this is especially important in providing incentive for the test pilots' difficult work."

I listened to Vladimir Terentyevich and thought: everything he says seems to be correct, and these problems are vitally important for the LIK. But somewhere a concern which was not realized emerged little by little before the end. Not right away, but finally, I understood the reason for it. In telling about these vital concerns, V. Gerasimov became carried away and strayed farther and farther from the main reason for the complex's existence, which he himself mentioned in the first sentence of his conversation with me: the LIK is for flight testing.

And not simply for flight tests. After all, when the Il-76TD delivers a superheavy load to the island of Bolshevik, this is also a test of equipment that was developed earlier. But work with new aircraft which are capable of providing the country with passenger and cargo service and guaranteeing flight safety has always been and continues to be most important for the test pilots.

I wondered: will the detachment of professionals be saved by replacing their main creative work with work which is incidental, even if it is also necessary? Perhaps this is not a victory at all in the struggle for survival? On the contrary, will it lead to loss of interest and then loss of skill to a certain extent?

No, everyone cannot lose their skill right away, of course. Some of the pilots are continuously employed in joint crews for design testing. More and more from year to year.

But this work is far from being fully in line with the basic mission of the Flight Test Complex.

"On one hand, the mixed crews appear to be useful, and we are more familiar with the aircraft," V. Shalimov, LIK chief of staff, reflected. "But the sharpness of perception and the objectivity of evaluation are often lost under these conditions. Picture this: a Minaviaprom [Ministry of the Aviation Industry] pilot is sitting on the left and our pilot is on the right. Clearly, their interests are not identical. It is no secret that the former's aim is to get the aircraft on its route as quickly as possible, even concealing some design flaws now and then. Far from every pilot will hold up under such conditions of psychological pressure. Later on, one miscalculation or another will crop up in the state tests. What we need first of all is to create the conditions for an impartial evaluation!"

It is hard not to agree with this. After all, unbiased evaluations of aircraft are exactly the purpose for which the detachment of LIK test pilots was established. Only the Ministry of the Aviation Industry cannot keep it fully occupied. A great pity. The threat to the detachment's existence under these conditions has not diminished in the least, even as a result of the increase in incidental

work. Fundamental, creative work which is in line with the professionalism of these people is urgently needed.

We want to believe that the long-awaited Il-96, Tu-204, and Il-114 aircraft will leave the plants in the near future and that the LIK test pilots who have not lost their highest skill will sit at their controls.

### **Aeroflot Fuel Shortage Blamed on Delivery, Other Problems**

914H0080B Moscow VOZDUSHNYY TRANSPORT  
in Russian 22 Dec 90 p 3

[Interview with V. Pushkarev, candidate of economic sciences, by VOZDUSHNYY TRANSPORT correspondent T. Pegushina: "And Once Again, About the Shortage"]

[Text] *Everyone now has heard a great deal about the fuel shortage in Aeroflot. And it never occurred to people why one of the countries richest in oil reserves is suddenly starving for fuels and lubricants, primarily kerosene, the most important type of aviation fuel. V. Pushkarev, a candidate of economic sciences interviewed by our correspondent, reflects on the crisis in this area of our economic activity.*

[Pegushina] According to some data, oil extraction in the Tyumen region may be cut in half by the year 2000 and other pools of oil comparable to the Tyumen region have not been discovered yet. It seems that the golden age of Tyumen oil is behind us. What can the Tyumen North expect in the near future?

[Pushkarev] According to all the forecasts, not enough that is good. Even simply maintaining the extraction of hydrocarbon raw material at the previous level, not to mention increasing the volume, requires a sharp increase in capital investments, but it is common knowledge that we have nothing to invest. The threat of unemployment hanging over cities and settlements in the North is quite real.

[Pegushina] The situation in the Tyumen North is already fraught with social tension today. The threat of strikes probably cannot be ignored, either...

[Pushkarev] The social picture is not a glowing one, of course. The mighty flow of oil in former times is fading before our eyes. Last year its level matched the readings of 10 years' standing, and this year extraction declined by another five percent (this is roughly 30 million tons of oil).

[Pegushina] But these problems did not emerge today, after all...

[Pushkarev] We have boasted about our economic planning for a long time, but the fact is that we have not been able to look 10 years ahead. We have stubbornly lived one day at a time, without thinking about the future. And this is the result. But after all, the petroleum specialists

and geologists warned economists as long as 15 years ago that a crisis was imminent in the sector.

Another major miscalculation was that the interests of the persons who extracted the mineral wealth were disregarded completely. Over the past 20-odd years, our country received more than 300 billion foreign exchange rubles from the export of oil, petroleum products, and natural gas; the share of the West Siberian Oil and Gas Complex was over 150 billion rubles. And this coincidence is what is most astonishing: the country spent roughly the same amount over these years on imported foodstuffs; to put it simply, it spent it on food, and what is more, about 50 billion went to buy pipe and equipment intended to transfer oil and gas to other countries.

And I would like to cite these incredible figures as a graphic example. About 130 billion in capital investments were used to expand oil and gas extraction. And a little over 10 billion rubles were allocated to build housing and institutions for so-called social, cultural, and everyday living needs. Do you see the difference? While an average 642 square meters of housing were commissioned for every 100 persons added to the population from 1976 to 1989, only 147 square meters were provided for the northern part of Western Siberia. What a difference!

It is estimated that every fifth resident of the Tyumen North is living in a dormitory, a sleigh, or a trailer. The question arises: how can we attract persons to the North? How can we keep them there? It is very simple: this has always been accomplished with high earnings. But today? What is the use of high earnings if there is nothing to buy with them? Only 34 kopecks of every ruble earned provide for goods and services in the North. This is why out of every hundred persons arriving in the Tyumen North, 80 or even 90 are headed in the opposite direction. The region resembles a gigantic yard with a passage through it; it is easy to imagine the results and consequences of such an interchange.

[Pegushina] Is there a way out of the situation that has developed?

[Pushkarev] As I see it today, we can cushion the strongest "blows." And in this connection, it seems simply necessary to include oil and gas industry enterprises in the market economy, not to exclude them. Will the prices of fuel rise? But the state can regulate them with the aid of economic levers, after all.

Only in this case is it possible to include the mechanism of competition, which will also regulate the price of fuel by limiting its increase. The crisis can be surmounted under these conditions, and consequently, the problem of aviation fuel will also be resolved. But time is needed for this, of course.

## MOTOR VEHICLES, HIGHWAYS

### Steelworks' Supply Crisis Threatens Vehicle Plants

PM1601101591 Moscow Central Television First Program Network in Russian 1800 GMT 12 Jan 91

[From the "Vremya" newscast: Report by Ye. Orlov and V. Ilinets, identified by caption]

[Text]

[Announcer] The "Krasnyy Oktyabr" metals plant—one of the oldest in its sector—is on the brink of shutdown. This means that 17,000 people could find themselves out of work. Why? There is a lack of scrap metal and other raw materials.

[Reporter] [Video shows plant exterior] The "Krasnyy Oktyabr" plant is more than 90 years old. In all this time it has only once shut down—when the front line ran through its shops during the Battle of Stalingrad. As a reminder of those times the shell of a destroyed building has been preserved here. But what is currently happening at the enterprise is outwardly very similar to the wartime destruction. Although there have been no battles or bombing raids the whole area has been turned upside down. The metal workers, lacking raw materials, have been forced to completely clean out anything containing reserves. The plant should receive up to 80 trainloads of various materials a day from its suppliers. But, as you can see, there is nothing on the spur tracks. Usually, before the start of this year, up to 100,000 tons of blast-furnace charge was kept in stock. Today there isn't even 5,000 tons. People working at the rolling mills these days approach every day as if it were their last. [Video shows M.R. Trakhtenberg, shop chief, identified by caption]

[Trakhtenberg] It's a bad situation. The problem is that we've spent millions carrying out a major modernization and getting the shop ready to produce in excess of two million tons of rolled metal, but we're only turning out half that. We don't have any ingots, we don't have any blast-furnace charge, we're not getting the steel. The workforce is unhappy—people come here to earn money. They want to work—but they can't because there's nothing to do the work with.

[Reporter] Yet the enterprise is carrying out the presidential decree and has signed contracts for this year with all its customers. [Video shows plant interior] But how are the Volgograd metal workers going to look their partners in the face when some of its own suppliers are chronically failing to meet their delivery commitments and when others—and there are a lot of them—are not even planning to enter into any kind of agreement as yet? I don't know what people at the debtor plants think about this—the plants in Moscow, Orsk, Samara, Krasnodar, Astrakhan, Makhachkala, Grozny, Vladikavkaz, Nalchik, Dnepropetrovsk, Pervouralsk, and Novomoskovsk. I could go on. But what will happen if "Krasnyy

Oktyabr" grinds to a halt is well known. [Video shows N.Sh. Ordzhonikidze, plant director]

[Ordzhonikidze] In the Volgograd region alone the 15th Ball Bearing Plant, the tractor plant, the steel mill, and the metal fittings plant will have to shut down—that's 100,000 workers in total out of work. At the same time, I believe, large continuous-production plants such as the Moscow Automobile Plant, the Gorkiy Motor Vehicle Plant, the Kama Truck Plant, and the Volga Motor Vehicle Plant will be brought to a halt. They receive from us rolled metal that they cannot get anywhere else in the Soviet Union. And that would be a big problem.

## RAIL SYSTEMS

### Rail Leaders on Stabilizing Work, Transfer to Market Economy

914H0079A Moscow GUDOK in Russian  
21 Dec 90 pp 1-2

[Article by N. Davydov: "Lose or Gain? Notes from a Meeting of the Collegium"]

[Text] At the Second All-Union Conference on High-Speed Traffic that took place at the end of November, I had occasion to hear this comment from one of the Western guests: the state of transport in many ways reflects the state of the country's economy.

N.S. Konarev, minister of Railways, had scarcely begun his report at the recent collegium, which was devoted to stabilizing the work of the sector and the transition to the market, when corroboration of this idea was heard. Indeed, our sector, on which the stability of the economy depends to a great extent, cannot boast of its success today.

How do the directors of the Ministry of Railways envision the basic directions in improving the work of railroad transport under the conditions of the transition to a market economy?

If you put civil duty, conscience and responsibility in parentheses, the negative trends of transport in the last few years can still be broken down due to that very same "...high degree of centralization of the transport process with a unified, continuous technology and increased degree of safety." The marked increase in tariffs for freight (25 percent) and passenger (50 percent) transport, in consideration of the anticipated injections from the union budget, will not be able to cover the almost 2.5 billion ruble deficit in funds.

This, strictly speaking, is a summary of the part of the report which characterizes the situation that has formed. Specific milestones were named for next year—in millions of tons of freight and billions of passenger-kilometers, a reduction in which, they say, is tantamount to the sector's financial

crash. Next, in great detail, for each service and subdivision—from the transport workers to the commercial workers—he named the ways to achieve the task set, as well as everything that must not be done, to avoid decelerating the operations process.

After listing the basic factors causing a disruption in transport technology, the speaker emphasized the fact that as a result they are leading to tremendous losses. While so far, however, the losses were as a rule covered from the budget or reserves, now they will strike at the pocket of enterprises and collectives. Only work itself should be able to compensate for everything under market conditions.

This part of the report was recalled when F. Kotlyarenko, chief of the North Caucasus Railroad, ascended to the platform of the collegium. It seemed to me that his speech clearly contrasted with the ideas of combating loss that had been set forth. As a matter of fact, how can the mainlines make up for the 10-percent reduction this year in the transport of passengers and almost the same in freight, if they are caused by the instability of interethnic relations in the Transcaucasus?

"The parade of sovereignty does not link up with any improvements in transport technology," he said. "We already have enough of our own independent republics—Kolmykiya, Kabardino-Balkariya, Cheleno-Ingushetiya.... Each one declares its intention of taking part in freight operations. Not taking local considerations into account means generally ruining things. Therefore, unless we secure the unity of the railroad network in an all-union contract, it is difficult to count on maintaining a high degree of transport centralization."

The speech of O. Moshenko, chief of the Baltic Railroad, did not dispel the pessimism. All three republics located on the road's territory want to have their own mainlines. While Latvia and Estonia have no objection to their railroads being included in the Ministry of Railways, Lithuania is achieving full independence.

"We are, of course, defending unity, but the situation is very complex. Considering the chaos in the laws of the Union and the republics, we must determine our status as quickly as possible...."

His anxiety is understandable. According to Union legislation, the road should pay 23 percent of its revenues to the republic budget and 22 percent—to the Union budget. The republic budgets, incidentally, proclaiming their supremacy over the Union budgets, foresee deducting 35 percent for their budget!

The failure to come to terms over problems of social insurance and labor legislation is similar. It is sufficient to note that the Baltic republics have a 40-hour work week. It turns out that engineers, for example, work 51 hours a year less. The only sensible way out of this situation is to turn to contractual conditions. The main thing is that biases in planning "from above" are impermissible. Profit is generated "downward": it is payment for the transport of specific freight. Therefore, they say,

planning should also be based on the lower relations of the transport worker with the clientele. Then the plan will become a commercial category.

The farther—the better! It would appear that in the regions of the extended October mainline, there does not have to be any anxiety about reducing the volumes of shipments because of interethnic conflicts. The reality is that the flow of freight and passengers is also dropping, and this trend is growing.

"Just introducing coupons in Leningrad led to a sharp reduction in local transport," said A. Zaytsev, chief of the October Railroad. "On the other hand, the city authorities, just as before, do not acknowledge that we take part in shaping the budget. They say, appeal to the Council of Ministers, for after all, the railroads are a centralized sector."

It was quite clear from his speech that the road collective has very hazy prospects for entering the market. More and more intelligent specialists are leaving transport. The vacancies are filled, it is true, but with by no means such well-trained people. Therefore, it is hard to ensure a high level of operations and interaction with the clientele on the most crucial sections.

Frankly speaking, the speeches were in agreement from the standpoint of the sector's management. In them were heard the traditional appeals to adhere strictly to the instructions and norms, to defend the unshakeability of the four-unit structure and not to yield the position of a "state within a state," preserving the command-administrative methods of management. This is what is curious, however. Even these voices acknowledged that it would be a mistake to turn the transport enterprises into so-called "structural units," and fought to find full independence.

It must be said that in the last six months, under the rubric "The Ministry of Railways in the Context of the Market" [MPS v kontekste rynka], GUDOK has published about 50 articles, mainly by scientists and line workers. The overwhelming majority of them spoke of the need to carry out in transport a thorough reform of the entire economic mechanism, not just the cosmetic measures that are so far being specified, judging by the draft of the Law on Railroad Transport. This should above all pertain to the structure of management, its democratization and the increased independence and responsibility of all the work collectives, particularly through creating cost-accounting sectorial production associations based on the existing technical services. Attempts of this sort have been made on the Central Asian, Lvov, Southern, Belorussian and certain other railroads.

Unfortunately, the position of the sector's headquarters with respect to the proposals from the sites has not so far been made clear. These important problems were passed over in silence at the collegium as well. Only T. Osipov, chief engineer of the Gorkiy Railroad, gave a report on the group of specialists created among them, which is

actively engaged in working out the concept of transition to the market. He never revealed the essence of it, however. On the other hand, he made a very curious statement, which has been widely spread on the mainline: "Under market conditions, we, the railroad workers, should not die as the last ones." Understood—from the standpoint of material-technical support.

I think that this confidence is hardly well-founded. G. Korenko, deputy minister, who spoke after him, was in quite a gloomy mood. In his words, the country has run to the market so quickly that virtually all the work of many sectors in 1991 has already been ruined. So far, about half of the contracts for supplies have been concluded. Although the decision has already been made to provide them in the first quarter at the level of the same period of this year, there is no certainty that the necessary equipment and materials will be obtained.

"Appeals to set horizontal relations going have led to complete imbalance of production and State supplies. The enterprises are engaged in seeking profitable contracts, to put it simply, they are striving to make a fortune, and as a result, thousands of items have been removed from production, including some spare parts for rolling stock...."

I listened to him and recalled that two months ago there was a discussion in the USSR Supreme Soviet of the draft of the Law on Railroad Transport. Many deputies had emphasized that the railroad workers should carry any freight that industrial enterprises or agriculture gave them. L. Voronin, first deputy chairman of the USSR Council of Ministers, defined this even more precisely:

"In the transition to the market, it can be expected that new economic relations will arise between regions and individual enterprises. New freight flows will appear, related to the export and import of goods. Therefore, transport should serve as a unique State guarantee that these economic relations will be implemented...."

If the question is stated this way, however, it is logical to hope that not a single locomotive or railcar building plant and not a single timber carrier has the right to refuse supplies to the Ministry of Railways! Otherwise, the railroad workers can refuse to carry coal, ore, grain, etc.

"Attention to transport should be completely different from the way it is now," said A. Kozhushko, chief of the Donetsk Railroad, at the conclusion of his speech. "Otherwise we will not pull the country out of the crisis!"

I like the directors of the Moscow and Donetsk roads, I. Paristyy and A. Kozhushko. They, as a rule, do not "beat around the bush," but have specific, most often sensible, suggestions. This time too, Aleksey Mikhaylovich was sure of himself. After emphasizing the fact that sabotage of transport had been observed—not only in the Transcaucasus, but also in the Donbas—theft of freight, damage to railcars and breaking windows on electric trains, and an increase in flatcars and boxcars being left



with remnants of freight—he noted the sluggishness of the organs of the MVD [Ministry of Internal Affairs]. Therefore, one of the necessary conditions in stabilizing the work of the sector should be an enforceable enactment by the USSR President or Supreme Soviet on responsibility for sabotage.

Another scourge lies in the above-norm idle times of railcars. Kozhushko feels that the fines for this must be increased five- or six-fold, and that only then will the collectives of enterprises have a sense of responsibility and be forced to take specific measures.

The last condition for stabilization: restore the efficiency of the technical transport resources. For this, in his opinion, new construction must be shut down temporarily, and forces and resources be concentrated on modernizing rolling stock and renovating depots and tracks and other structures. Incidentally, the Donetsk has already begun to repair locomotives and passenger cars itself.

Literally all the speakers touched on the problem of tariffs. Most of them stated that with a lack of subsidies from the State budget, they will have to be doubled or tripled. But does the Ministry of Railways have this possibility? After all, at that same discussion at the USSR Supreme Soviet of the draft of the Law on Railroad Transport, it was emphasized that passenger and freight tariffs should be regulated by the State. Contractual and independent tariffs, they say, should be restricted on the basis of the level of profitability.

They also failed to listen to the opinion of transport scholars and specialists who suggest introducing differentiated tariffs on the roads, in consideration of the quality of the services offered.

Finally, the thing that alerts one the most. In speaking of the investment policy, the core of which is the Program for Re-equipment and Modernization of the Railroads in 1991-2000, the minister emphasized that part of the centralized fund of the Ministry of Railways must be created according to norms unified for all railroads. The other part, they say, should be formed through payments from the railroads for specific work and supplies. Here he asked the speakers to express their opinion on this question.

I followed all of them attentively, but not a single road chief even responded to the minister's appeals. Is this not turning into something like the revolt, which already occurred when the financial plans of the roads for this year were approved?

The speech of V. Pryadko, chief of the Central Accounting and Finances Main Administration, did not fully clarify the coming financial interrelations between the ministry and the roads. On the one hand, the new procedure for forming revenues from transport in through service and the Law on State Enterprises, which comes into force on 1 January, give a mood of optimism: all the rights will now be in the hands of the directors of the enterprises. On the other hand, the interrelations

with the budget have not been determined, since there is so far no Law on the State Budget, and the tariff levels have not been conclusively decided. In this respect, reference to the centralized fund has no longer been perceived as the most important thing, at least at this moment.

As we can see, there were many more questions heard at this collegium than answers given to them. No one, it seems, is insured against miscalculations and errors, but the impression is created that the abundance of obscurities and the lack of a clear-cut program for transition to the market may result in real losses. After all, foreign experience indicates that railroad transport under market conditions is capable of solid gains. It would appear that they will not be achieved by themselves, and that there must be energetic work and the introduction of economic levers for management. Most of the railroad workers are already aware that waiting for favors from the government is rather an unpromising matter.

## MARITIME AND RIVER FLEETS

### Spent Nuclear Fuel Storage Facility Plans Scored

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[Article by V. Blinov, VODNYY TRANSPORT correspondent: "Is It Worth Speaking Straight from the Shoulder?"]

[Text] "We don't need these nuclear power stations. Dear, I have a television set and I can watch with a candle..."—this protest made by an elderly citizen against nuclear power was recounted to me with a smile by A. Tumparov, director of the Atomflot technological repair enterprise. Alas, today Andrey Ivanovich much more often does not smile, but spreads his hands in bewilderment: where can we get it?

It would appear that the Murmansk community, after the splash of a wave of protest against construction of a temporary storage for the wastes of spent nuclear fuel, has arrived, as it is now fashionable to say, at a consensus. By decision of the oblast Council of People's Deputies, an independent interdepartmental commission was created for expert evaluation of the radiation safety of the objects. For six months, specialists, deputies and representatives of the public made a meticulous study of the project, the technical approaches and the perspectives for burying the wastes at the Atomflot RTP [technical repair enterprise]. A special ecological expert examination was made to determine the expedience of continuing construction of the temporary storage facility. V. Perovskiy, the chief opponent, leading specialist of one of the head scientific research institutes of the Ministry of Atomic Power and industry and member of the USSR Nuclear Society, whose article in the oblast newspaper POLYARNAYA PRAVDA started the wave of protests, was invited to participate in this work. Then,

three days before the affirmative conclusion on the expedience of continuing construction was issued, there was an unforeseen turn of events. The session of the Leninskiy Rayon Soviet of Murmansk made a categorical demand: cease construction!

They forgot or did not wish to invite specialists to this session. Only two members of the commission, V. Garin and Yu. Mayevskiy, fishermen by occupation—captain and bo'sun—without notifying their colleagues for verification, brought down on the rayon deputies all their scorching protest. Passions ran high.... At times, hardly any of the appointed members of the commission were found attending the business investigation of the results of the board of experts, which lasted for a whole week. From time to time, for an hour or so, they appeared and made those attending blush with questions like, how was nuclear fuel distilled along the pipes, attesting to a complete lack of understanding of the matter, and then they vanished. What can you add here: what could be more serious than radiation safety, and it can be turned into a game of chance....

The legality of the decision made—the ban—arouses obvious doubts. In the first place, the territory on which the Atomflot RTP is located is not under the jurisdiction of the Leninskiy raysovet, but belongs to the Northern Fleet. In the second place, the question was posed by the deputies of the oblast Soviet, and they, as was said, did not speak from the shoulder and make it possible for independent experts (incidentally, there were neither representatives of the Ministry of the Maritime Fleet and the shipping company, nor, moreover, of the base itself among them) to make a serious investigation of the question. Finally, in the process of the study, the only alternative—transferring the base to the Nerpa Shipyard or somewhere farther away—no longer arose. In the situation that formed, none of the initiators of the protest could suggest other variants, suitable but not hypothetical, for the fate of the temporary storage. Even V. Perovskiy, the main, and most important—competent—opponent, said, definitely, after the analysis made: "...the rejection today of construction of the storage at the Atomflot RTP is suicide. The existing technology for refueling ships of the Murmansk Shipping Company that have nuclear-power units is quite safe and does not lead to ecological consequences".

As I was becoming familiar with the materials of the expert examination and the minutes of the work meetings of the commission, I could not stop thinking: "Well, what would it cost those rayon people's deputies, if they are so very alarmed, to visit Atomflot at least once and see with their own eyes the subject of the dispute, and at the same time realize how a hasty decision can turn out."

After all, the ban can bring only new alarms and problems to the city, the national economy of the oblast and the country.

This is the chain of events that is building up. Unless the shore storage is turned over by 1993, the storages on the auxiliary ships will be overfilled. This means that all the navigation measures taken to increase the safety of storing wastes on the water, at the disposal of the Ministry of the Maritime Fleet, will stop corresponding to an actual degree of risk. Today the Lepse, which has served as its collector of radioactive wastes, is reliably isolated, behind the cape of Pinagoriya, from accidental collisions with passing ships. You will no longer be able to hide the existing overloaded waste collectors by 1993. Moreover, all nuclear-powered ships will have to be laid up—it will become simply impossible to refuel their reactors, there will be nowhere to turn over the spent fuel. The nuclear-powered fleet will get out—the icy route of the North Sea route will almost fade away. How the inhabitants of the country's Arctic front will survive without its cargoes, God alone knows. In a word, the threat of an accident to ships with nuclear fuel wastes, swinging on a surging wave of the bay, is not diminishing, but is growing, and our northern economy is being fundamentally damaged.

The deputies ought to visit the base and discover something else for themselves. It appears that the Atomflot RTP has... a shore storage of radioactive wastes. Solid. Such as the processing equipment of reactors and compartments, remnants of resins.... Incidentally, the storage has not been completely told about. It is an extremely complex modern production facility, at which the screen collector of a nuclear reactor can be replaced. Here, in a special oven—the pride of the workers, the last word in technical progress—the wastes that are hardest to utilize are turned into ash and sealed up in containers. This storage has been in existence for five years—no protest arose. After a careful check, a Goskomgidromet commission came to the conclusion: everything was according to the norm. So why are all the sparks flying: it appears that storing radioactive wastes on shore can be reliable.

This "discovery" once again assures us: the hullabaloo about the construction of the new storage does not correspond in degree to its actual danger for the citizens. In itself, the people's anxiety for the future is understandable and justified. This is the result of the rise in public awareness, requiring that all the curtains of secrecy surrounding the phenomena troubling the population be removed. It is a good thing that we stop taking everything on faith. There would not be such a splash of anxiety about the present and the future, if to this day the secret of the Atomflot RTP were not concealed

"behind seven seals." Public control has already played its role. The independent commission, after giving a "good" on the whole for continuing construction, justifiably posed the question of making additional calculations concerning the seismic safety, the effect of a shock wave if there were an explosion. The commission, however, confirmed the need to continue work on creating a

regional storage, and then permanent burial of radioactive wastes. This is correct: in a situation such as working with the atom, additional insurance can only be of use. But you must not talk straight from the shoulder! The deputies should visit the service base of the nuclear-powered fleet. So far, school children and I have been the only ones to come on a tour here....

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